

By Mr. CANNON:

H. R. 3621. A bill for the relief of Flavia Isidora Vieira Sauer; to the Committee on the Judiciary.

By Mr. KING:

H. R. 3622. A bill for the relief of the Franco-Italian Packing Co.; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

568. By Mr. BRADLEY: Petition of 163 citizens of the Eighteenth Congressional District of California, urging that communism in this country be stopped and stamped out completely; to the Committee on Un-American Activities.

569. By Mr. WELCH: Assembly Joint Resolution 37 of the California State Legislature, relative to extending pension benefits to persons who served on certain transport vessels operated by the Army during the War with Spain, the Philippine Insurrection, and the China Relief Expedition; to the Committee on Veterans' Affairs.

570. By the SPEAKER: Petition of the Bar Association of Arkansas, petitioning consideration of their resolution with reference to request for an amendment to the Federal Employers' Liability Act; to the Committee on the Judiciary.

571. Also, petition of the membership of the Tampa Townsend Club, No. 1, Tampa, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

572. Also, petition of the membership of the Pensacola Townsend Club, No. 1, Pensacola, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

573. Also, petition of American Veterans Committee, Territory of Hawaii, petitioning consideration of their resolution with reference to restrictions imposed on American citizens of oriental birth who wish to travel from Hawaii to the mainland; to the Committee on the Judiciary.

574. Also, petition of Holy Name Society of the Sacred Heart Church, of Gary, Ind., petitioning consideration of their resolution with reference to subversive activities of foreign agents who tend to break down constitutional government; to the Committee on Foreign Affairs.

575. Also, petition of the New England Conference of the Methodist Church, petitioning consideration of their resolution with reference to reaffirming support of the provision in the Constitution of the Commonwealth of Massachusetts which forbids the use of public funds for the maintenance of private and sectarian schools; to the Committee on Education and Labor.

## SENATE

TUESDAY, MAY 27, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. Edward T. Wiatrak, S. J., Jesuit Missions, New York City, N. Y., offered the following prayer:

Take, O Lord, and receive all my liberty, my memory, my understanding, and my whole will. Thou hast given me all that I have and all that I possess; I restore it all to Thee and surrender it, that Thou mayest dispose of it according to

Thy will. Give me only Thy love and Thy grace, and I am rich enough and desire nothing more. Amen.

#### THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Monday, May 26, 1947, was dispensed with, and the Journal was approved.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 3029) to provide for the acquisition of a site and for preparation of plans and specifications for a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia, and it was signed by the President pro tempore.

#### TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

#### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Finance:

"Senate Joint Resolution 15

"Joint resolution relative to memorializing Congress to enact H. R. 881 and H. R. 1199, granting tax exemptions to those held prisoners by the Japanese

"Whereas many citizens of the State of California, civilians and members of our armed forces, were taken and held in Japanese prisons and suffered untold hardships; and

"Whereas it is fitting and proper that the former prisoners of war receive the benefits granted by two bills now pending before the Congress of the United States, H. R. 881 and H. R. 1199, which bills give them certain tax benefits under section 251 of the Internal Revenue Code of the United States: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact H. R. 881 and H. R. 1199; and be it further

"Resolved, That the secretary of the senate is directed to transmit copies of this resolution to the President, the President pro tempore of the Senate, the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Appropriations:

"Senate Joint Resolution 22

"Joint resolution relative to Federal operation of air-traffic-control towers

"Whereas the House Appropriations Committee has eliminated from the bill providing funds for the support of the Department of Commerce the item appropriating funds for the operation of the air-traffic-control tow-

ers at San Francisco and other municipal airports; and

"Whereas in the interests of public safety these air-traffic-control towers should be operated by personnel employed, instructed, and controlled by one agency, so that air traffic at all airports may have the benefit of standardized uniform control, without which national and international air commerce and the lives of air-line pilots and thousands of passengers will be placed in jeopardy; and

"Whereas, however willing municipalities or other local organizations might be to bear the expense of operating the control towers, they could by no amount of cooperation within their legal powers provide the uniformity essential to such controls, serving as they do on air commerce so extensive that only an agency national in scope can provide the centralization of control and supervision essential to safety; and

"Whereas many cities are now spending millions of dollars in modernizing airports for safety and convenience, the Federal Government should not defeat these programs by withdrawing from them the essential service of a standardized and uniform operation of air-traffic-control towers at these airports: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Congress of the United States is hereby respectfully memorialized and petitioned to appropriate moneys which will insure the continued Federal operation of air-control towers at municipal airports; and be it further

"Resolved, That the secretary of the senate is directed to transmit immediately copies of this resolution to the President of the United States, to the President pro tempore of the Senate, to the Speaker of the House of Representatives, to the chairman of the House Appropriations Committee, and to each Senator and Representative from California in the Congress of the United States."

The memorial of Mrs. W. H. Rogers, of Fallbrook, Calif., remonstrating against the enactment of legislation to provide universal military training; to the Committee on Armed Services.

A petition of the members of the Safety Harbor (Fla.) Townsend Club, No. 1, praying for the enactment of the so-called Townsend plan to provide old-age assistance; to the Committee on Finance.

The petition of John J. Spriggs, of Lander, Wyo., praying for the enactment of legislation to reduce the court costs on appeal in both the circuit court of appeals and the Supreme Court of the United States to the point where citizens of limited financial means can exercise the right of appeal to such courts; to the Committee on the Judiciary.

By Mr. CAPPER:

A petition signed by 75 citizens of Concordia, Kans., praying for the enactment of Senate bill 265, to prohibit the transportation of alcoholic-beverage advertising in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. MCLELLAN:

A resolution adopted by the Bar Association of Arkansas in annual meeting at Little Rock, Ark., favoring the enactment of the bill (H. R. 1639) to amend the Employers' Liability Act so as to limit venue in actions brought in United States district courts or in State courts under such act; to the Committee on the Judiciary.

#### PROHIBITION AGAINST LIQUOR ADVERTISING

Mr. ROBERTSON of Virginia. Mr. President, I ask unanimous consent to present a petition signed by 42 citizens of Amherst, Va., and vicinity, praying for the enactment of Senate bill 265, to pro-

hibit the transportation of alcoholic-beverage advertising in interstate commerce. I request that the petition be appropriately referred.

The PRESIDENT pro tempore. Without objection, the petition presented by the Senator from Virginia will be received, and referred to the Committee on Interstate and Foreign Commerce.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WILEY, from the Committee on the Judiciary:

H. R. 2237. A bill to correct an error in section 342 (b) (8) of the Nationality Act of 1940, as amended; without amendment (Rept. No. 207).

By Mr. ECTON, from the Committee on Public Lands:

S. 753. A bill to authorize the Secretary of the Interior to defer the collection of certain irrigation construction charges against lands under the Flathead Indian irrigation project; without amendment (Rept. No. 206).

#### REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. LANGER, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation two lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon pursuant to law.

#### EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. TOBEY, from the Committee on Banking and Currency:

Edmond M. Hanrahan, of New York, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1952. (Reappointment.)

#### ADDITIONAL REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL EXPENDITURES RELATING TO FEDERAL PERSONNEL

Mr. BYRD. Mr. President, I ask unanimous consent to present an additional report from the Joint Committee on Reduction of Nonessential Federal Expenditures with respect to the personnel of the Federal Government in April 1947 and request that it be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

ADDITIONAL REPORT OF THE JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES, CONGRESS OF THE UNITED STATES, PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941, ON FEDERAL PERSONNEL, MARCH-APRIL 1947

FEDERAL PERSONNEL IN THE EXECUTIVE BRANCH, APRIL 1947, AND COMPARISON WITH MARCH 1947

(All figures compiled from reports submitted by the heads of Federal establishments or their authorized representatives)

According to monthly personnel reports submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures Federal personnel within the United States during the month of April decreased 16,834 from a total of 1,949,745 in March to 1,932,911 in April. Excluding War and Navy Departments, personnel decreased 792

from the March total of 1,216,993 to the April total of 1,216,201. The War Department within the continental United States decreased 12,809 from the March total of 412,766 to the April total of 399,957. The Navy Department within the United States decreased 3,233 from the March figure of 319,986 to the April figure of 316,753. (See table I.)

Outside the continental United States, Federal personnel decreased 11,059 from the March total of 282,398 to the April total of 271,339. The majority of these were industrial workers. (See tables II and IV.) Exclusive of War and Navy Departments, there was a decrease of 868 from the March figure of 56,486 to the April figure of 55,618.

The consolidated table, presenting data with respect to personnel inside and outside the continental United States, shows a total decrease of 27,693 from the March total of 2,232,143 to the April total of 2,204,250. Excluding War and Navy Departments' reductions of 26,233, there was a decrease of 1,660 employees in the executive branch of the Federal Government from the March figure of 1,273,479 to the April figure of 1,271,819. (See table III.)

Industrial employment during the month of April decreased 7,439 from the March total of 610,503 to the April total of 603,064. The War Department figures for employment outside the United States are unavailable for the month of April. War Department reductions inside the United States totaled 817. The term "industrial employees" as used by the committee refers to unskilled, semiskilled, skilled, and supervisory employees paid by the Federal Government, who are working on construction projects, such as airfields and roads, and in shipyards and arsenals. It does not include maintenance and custodial employees. (See table IV.)

TABLE I.—Federal personnel inside continental United States employed by executive agencies during April 1947, and comparison with March 1947

Departments or agencies	March	April	Increase (+) or decrease (—)
<b>EXECUTIVE DEPARTMENTS (EXCEPT WAR AND NAVY DEPARTMENTS)</b>			
Agriculture Department.....	78,116	83,121	+5,005
Commerce Department.....	35,343	35,181	-162
Interior Department.....	45,981	46,865	+884
Justice Department.....	24,127	24,294	+167
Labor Department.....	7,379	6,802	-577
Post Office Department.....	460,260	466,166	+5,906
State Department.....	8,285	8,227	-58
Treasury Department.....	103,004	101,490	-1,514
<b>EMERGENCY WAR AGENCIES</b>			
Office of Defense Transportation.....	93	98	+5
Office of Scientific Research and Development.....	110	107	-3
Selective Service System.....	8,502	7,338	-1,164
<b>POSTWAR AGENCIES</b>			
Council of Economic Advisers.....	41	42	+1
Office of Government Reports.....	145	141	-4
Office of Housing Expediter.....	1,527	2,609	+1,082
Office of Temporary Controls:			
Office of War Mobilization and Recon-			
version.....	116	103	-13
Office of Price Administration.....	12,675	9,204	-3,471
Civilian Production Administration.....	3,480	723	-2,757
Philippine Alien Property Administration.....	2	2	-----
Price Control Board.....	6	5	-1
U. S. Atomic Energy Commission.....	4,189	4,225	+36
War Assets Administration.....	48,403	46,072	-2,331

TABLE I.—Federal personnel inside continental United States employed by executive agencies during April 1947, and comparison with March 1947—Continued

Departments or agencies	March	April	Increase (+) or decrease (—)
<b>INDEPENDENT AGENCIES</b>			
American Battle Monuments Commission.....	3	3	-----
Bureau of the Budget.....	610	605	-5
Civil Aeronautics Board.....	526	530	+4
Civil Service Commission.....	3,533	3,505	-28
Export-Import Bank of Washington.....	116	118	+2
Federal Communications Commission.....	1,333	1,313	-20
Federal Deposit Insurance Corporation.....	1,188	1,180	-8
Federal Power Commission.....	776	775	-1
Federal Security Agency.....	32,569	32,878	+309
Federal Trade Commission.....	591	587	-4
Federal Works Agency.....	24,637	24,618	-19
General Accounting Office.....	10,944	10,985	+41
Government Printing Office.....	7,973	7,932	-41
Interstate Commerce Commission.....	2,288	2,280	-8
Maritime Commission.....	11,081	10,780	-291
National Advisory Committee for Aeronautics.....	5,630	5,833	+203
National Archives.....	396	396	-----
National Capital Housing Authority.....	284	281	-3
National Capital Park and Planning Commission.....	18	18	-----
National Gallery of Art.....	308	306	-2
National Housing Agency.....	15,623	15,311	-312
National Labor Relations Board.....	850	837	-13
National Mediation Board.....	103	106	+3
Panama Canal.....	526	529	+3
Railroad Retirement Board.....	2,791	2,767	-24
Reconstruction Finance Corporation.....	7,964	7,782	-182
Securities and Exchange Commission.....	1,190	1,186	-4
Smithsonian Institution.....	504	509	+5
Tariff Commission.....	229	228	-1
Tax Court of the United States.....	121	123	+2
Tennessee Valley Authority.....	13,609	13,884	+275
Veterans' Administration.....	226,895	225,281	-1,614
<b>Total, excluding War and Navy Departments.....</b>	<b>1,216,993</b>	<b>1,216,201</b>	<b>-792</b>
<b>Net decrease, excluding War and Navy Departments.....</b>			<b>-792</b>
<b>WAR AND NAVY DEPARTMENTS</b>			
Navy Department.....	319,986	316,753	-3,233
War Department.....	412,766	399,957	-12,809
<b>Total, including War and Navy Departments.....</b>	<b>1,949,745</b>	<b>1,932,911</b>	<b>-16,834</b>
<b>Net decrease, including War and Navy Departments.....</b>			<b>-16,834</b>

TABLE II.—Federal personnel outside continental United States employed by executive agencies during April 1947, and comparison with March 1947

Departments or agencies	March	April	Increase (+) or decrease (—)
<b>EXECUTIVE DEPARTMENTS (EXCEPT WAR AND NAVY DEPARTMENTS)</b>			
Agriculture Department.....	1,323	1,330	+7
Commerce Department.....	2,585	2,853	+268
Interior Department.....	4,435	4,605	+170
Justice Department.....	489	442	-47
Labor Department.....	103	101	-2
Post Office Department.....	1,417	1,427	+10
State Department.....	13,835	13,670	-165
Treasury Department.....	742	742	-----



TABLE II—Continued

Departments or agencies	March	April	Increase (+) or decrease (-)
<b>EMERGENCY WAR AGENCIES</b>			
Selective Service System	84	80	-4
<b>POSTWAR AGENCIES</b>			
Office of Housing Expediter	3	12	+9
Office of Temporary Controls:			
Office of Price Administration	50	32	-18
Civilian Production Administration	18	1	-17
Philippine Alien Property Administration	69	83	+14
War Assets Administration	463	468	+5
<b>INDEPENDENT AGENCIES</b>			
American Battle Monuments Commission	77	90	+13
Civil Aeronautics Board	12	13	+1
Civil Service Commission	5	5	-----
Export-Import Bank of Washington	2	1	-1
Federal Communications Commission	37	36	-1
Federal Deposit Insurance Corporation	3	3	-----
Federal Security Agency	827	852	+25
Federal Works Agency	329	320	-9
Maritime Commission	338	333	-5
National Housing Agency	50	48	-2
National Labor Relations Board	4	2	-2
Panama Canal	27,255	26,123	-1,132
Reconstruction Finance Corporation	66	110	+44
Smithsonian Institution	8	8	-----
Veterans' Administration	1,827	1,828	+1
<b>Total, excluding War and Navy Departments</b>	56,486	55,618	{ -1,405 +537
<b>Net decrease, excluding War and Navy Departments</b>			-868
Navy Department	152,138	153,564	+1,426
War Department	173,774	162,157	-11,617
<b>Total, including War and Navy Departments</b>	282,398	271,339	{ -13,022 +1,963
<b>Net decrease, including War and Navy Departments</b>			-11,050

<sup>1</sup> Figures as of Feb. 28, 1947.<sup>2</sup> Figures as of Mar. 31, 1947.

TABLE III.—Consolidated table of Federal personnel inside and outside continental United States employed by the executive agencies during April 1947, and comparison with March 1947

Departments or agencies	March	April	Increase (+) or decrease (-)
<b>EXECUTIVE DEPARTMENTS (EXCEPT WAR AND NAVY DEPARTMENTS)</b>			
Agriculture Department	79,439	84,451	+5,012
Commerce Department	37,928	38,024	+96
Interior Department	50,416	51,470	+1,054
Justice Department	24,616	24,736	+120
Labor Department	7,482	6,903	-579
Post Office Department	461,677	467,593	+5,916
State Department	22,120	21,897	-223
Treasury Department	103,746	102,232	-1,514
<b>EMERGENCY WAR AGENCIES</b>			
Office of Defense Transportation	63	98	+35
Office of Scientific Research and Development	110	107	-3
Selective Service System	8,586	7,418	-1,168
<b>POSTWAR AGENCIES</b>			
Council of Economic Advisers	41	42	+1

TABLE III—Continued

Departments or agencies	March	April	Increase (+) or decrease (-)
<b>POSTWAR AGENCIES—CON.</b>			
Office of Government Reports	145	141	-4
Office of Housing Expediter	1,530	2,621	+1,091
Office of Temporary Controls:			
Office of War Mobilization and Reconstruction	116	103	-13
Office of Price Administration	12,725	9,236	-3,489
Civilian Production Administration	3,498	724	-2,774
Philippine Alien Property Administration	71	85	+14
Price Control Board	6	5	-1
U. S. Atomic Energy Commission	4,180	4,225	+45
War Assets Administration	48,866	46,540	-2,326
<b>INDEPENDENT AGENCIES</b>			
American Battle Monuments Commission	80	93	+13
Bureau of the Budget	610	605	-5
Civil Aeronautics Board	538	543	+5
Civil Service Commission	3,538	3,510	-28
Export-Import Bank of Washington	118	119	+1
Federal Communications Commission	1,370	1,349	-21
Federal Deposit Insurance Corporation	1,191	1,183	-8
Federal Power Commission	776	775	-1
Federal Security Agency	33,396	33,730	+334
Federal Trade Commission	591	587	-4
Federal Works Agency	24,966	24,938	-28
General Accounting Office	10,944	10,895	-49
Government Printing Office	7,973	7,932	-41
Interstate Commerce Commission	2,288	2,280	-8
Maritime Commission	11,419	11,123	-296
National Advisory Committee for Aeronautics	5,630	5,833	+203
National Archives	396	396	-----
National Capital Housing Authority	284	281	-3
National Capital Park and Planning Commission	18	18	-----
National Gallery of Art	308	306	-2
National Housing Agency	15,673	15,359	-314
National Labor Relations Board	854	839	-15
National Mediation Board	103	106	+3
Panama Canal	27,781	26,652	-1,129
Railroad Retirement Board	2,791	2,767	-24
Reconstruction Finance Corporation	8,060	7,892	-168
Securities and Exchange Commission	1,190	1,186	-4
Smithsonian Institution	512	517	+5
Tariff Commission	229	228	-1
Tax Court of the United States	121	123	+2
Tennessee Valley Authority	13,609	13,884	+275
Veterans' Administration	228,722	227,109	-1,613
<b>Total, excluding War and Navy Departments</b>	1,273,479	1,271,819	{ -15,856 +14,196
<b>Net decrease, excluding War and Navy Departments</b>			-1,660
<b>WAR AND NAVY DEPARTMENTS</b>			
Navy Department	372,124	370,317	-1,807
War Department:			
Inside continental United States	412,766	399,957	-12,809
Outside continental United States	173,774	162,157	-11,617
<b>Total, including War and Navy Departments</b>	2,232,143	2,204,250	{ -27,893 +27,893
<b>Net decrease, including War and Navy Departments</b>			-27,893

<sup>1</sup> Figures as of Feb. 28, 1947.<sup>2</sup> Figures as of Mar. 31, 1947.TABLE IV.—Industrial employees<sup>1</sup> of the Federal Government inside and outside the continental United States, employed by executive agencies during April 1947, and comparison with March 1947

Departments or agencies	March	April	Increase (+) or decrease (-)
<b>EXECUTIVE DEPARTMENTS (EXCEPT WAR AND NAVY DEPARTMENTS)</b>			
Commerce Department	1,183	1,269	+86
Interior Department	5,623	6,627	+1,004
State Department	314	334	+20
Treasury Department	5,402	4,781	-621
<b>POSTWAR AGENCIES</b>			
U. S. Atomic Energy Commission	601	593	-8
<b>INDEPENDENT AGENCIES</b>			
National Housing Agency	11	11	-----
Panama Canal	2,492	2,292	-200
Tennessee Valley Authority	6,578	6,802	+224
<b>Total, excluding War and Navy Departments</b>	22,204	22,709	{ +1,334 -829
<b>Net increase, excluding War and Navy Departments</b>			+505
Navy Department	257,103	256,613	-490
War Department:			
Inside continental United States	194,115	193,298	-817
Outside continental United States	137,081	130,444	-6,637
<b>Total, including War and Navy Departments</b>	610,503	603,064	{ -8,773 +1,334
<b>Net decrease, including War and Navy Departments</b>			-7,439

<sup>1</sup> Industrial employees include unskilled, semiskilled, and skilled, and supervisory employees on construction projects; maintenance and custodial workers not included.<sup>2</sup> As of Feb. 28, 1947.<sup>3</sup> As of Mar. 31, 1947.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MURRAY:

S. 1351. A bill to provide that bonds issued under the Armed Forces Leave Act of 1946 shall be negotiable, and for other purposes; to the Committee on Armed Services.

By Mr. WAGNER (for himself and Mr. MORSE):

S. 1352. A bill to declare certain rights of citizens of the United States, and for the better assurance of the protection of such citizens and other persons within the several States from mob violence and lynching, and for other purposes; to the Committee on the Judiciary.

By Mr. AIKEN:

S. 1353. A bill to amend the Surplus Property Act of 1944 with reference to condemnation powers of the Administrator; to the Committee on Expenditures in the Executive Departments.

By Mr. BROOKS:

S. 1354. A bill to amend the act of June 14, 1933, so as to authorize the Cairo Bridge Commission to issue its refunding bonds for the purpose of refunding the outstanding bonds issued by the commission to pay the cost of a certain toll bridge at or near Cairo, Ill.; to the Committee on Public Works.

(Mr. COOPER introduced Senate bill 1355, to amend the Social Security Act to enable States to establish more adequate public-welfare programs, and for other purposes, which was referred to the Committee on Finance, and appears under a separate heading.)

## THE PUBLIC WELFARE ACT OF 1947

Mr. COOPER. Mr. President, I ask unanimous consent to introduce for ap-

propriate reference a bill entitled "The Public Welfare Act of 1947," which would amend the Social Security Act to enable the States to establish more adequate public-welfare programs, and which embodies the principle of variable grants.

An identical bill was introduced in the House today.

The bill represents in the main the recommendations of those who have been charged with the administration of public welfare in States and local subdivisions.

At a later day I intend to make a statement in explanation of the objectives and provisions of the bill.

There being no objection, the bill (S. 1355) to amend the Social Security Act to enable States to establish more adequate public-welfare programs, and for other purposes, introduced by Mr. COOPER, was received, read twice by its title, and referred to the Committee on Finance.

#### REDUCTION OF INCOME TAX— AMENDMENT

Mr. HICKENLOOPER submitted an amendment intended to be proposed by him to the bill (H. R. 1) to reduce individual income-tax payments, which was ordered to lie on the table and to be printed.

#### NECESSITY FOR SOLVING HOUSING PROBLEM

Mr. LODGE. Mr. President, yesterday I made a statement to the press, and I desire to read it here in the Senate. It is as follows:

I desire to record my strong conviction that this Congress should not adjourn for the summer without taking effective action toward solving the housing problem.

There are today thousands of people in Massachusetts alone who lack adequate housing. There are many more in the Nation. I sincerely believe that over a long period of time this imposes a strain on human relations which is more than people should be required to bear.

For government to try to solve this problem is not extravagance. In a democratic country we simply cannot afford to have unhappy people who, through no fault of their own, are existing under conditions which are below the American standard of living, which so many of them a little while ago were fighting to protect against foreign enemies. They ask a chance to earn a home where they can raise a family. They are entitled to that chance.

We shall break faith with those who sent us here if we try to brush this problem aside and to treat it as if it did not exist. We must take prompt and effective action to provide decent housing and at a cost within the reach of those who need it.

#### JEFFERSON DAY ADDRESS BY HAROLD E. STASSEN

[Mr. HICKENLOOPER asked and obtained leave to have printed in the Record a Jefferson Day address delivered by Harold E. Stassen at the annual community celebration at Jefferson, Iowa, on May 21, 1947, which appears in the Appendix.]

#### AIR POWER IN THE NAVY—ARTICLE BY ANSEL E. TALBERT

[Mr. JOHNSTON of South Carolina asked and obtained leave to have printed in the Record an article entitled "Navy Making Radical Changes by Conversion to Air Power," by Ansel E. Talbert, from the New York Herald Tribune of April 27, 1947, which appears in the Appendix.]

#### REORGANIZATION PLAN NO. 3, RELATING TO HOUSING—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 270)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Banking and Currency.

(For President's message, see today's proceedings of the House of Representatives on pp. 5868-5869.)

#### REDUCTION OF INDIVIDUAL INCOME-TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income-tax payments.

The PRESIDENT pro tempore. The question is on agreeing to the first amendment reported by the committee.

Mr. MILLIKIN. May we have the amendment stated, please?

Mr. O'MAHONEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hawkes	O'Daniel
Baldwin	Hayden	O'Mahoney
Ball	Hickenlooper	Pepper
Barkley	Hill	Reed
Bricker	Hoey	Revercomb
Brooks	Holland	Robertson, Va.
Buck	Ives	Robertson, Wyo.
Bushfield	Jenner	Russell
Butler	Johnson, Colo.	Saltmstall
Byrd	Johnston, S. C.	Smith
Cain	Kem	Sparkman
Capehart	Kilgore	Stewart
Capper	Knowland	Taft
Chavez	Langer	Taylor
Connally	Lodge	Thomas, Okla.
Cooper	Lucas	Thomas, Utah
Cordon	McCarran	Thye
Donnell	McCarthy	Tobey
Downey	McClellan	Tydings
Dworschak	McFarland	Unstead
Eastland	McGrath	Vandenberg
Eaton	McMahon	Wagner
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Maybank	White
Fulbright	Millikin	Wiley
George	Moore	Williams
Green	Morse	Wilson
Gurney	Murray	Young
Hatch	Myers	

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Maine [Mr. BREWSTER] are necessarily absent, and the Senator from Pennsylvania [Mr. MARTIN] is absent by leave of the Senate.

Mr. LUCAS. I announce that the Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

The Senator from Tennessee [Mr. McKellar] is necessarily absent.

The Senator from Maryland [Mr. O'CONOR] is detained on public business.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Eighty-nine Senators having answered to their names, a quorum is present.

#### COMMITTEE MEETINGS DURING SENATE SESSIONS

Mr. MILLIKIN obtained the floor.  
Mr. THYE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.  
Mr. THYE. The chairman of the Committee on Agriculture and Forestry, the Senator from Kansas [Mr. CAPPER], has requested me to ask unanimous consent that the Committee on Agriculture

and Forestry, which is now meeting, may continue to be in session until 12 o'clock noon today.

The PRESIDING OFFICER. Without objection, the order is made.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. WHITE. I ask unanimous consent that a subcommittee of the Committee on the Judiciary may sit this afternoon during the session of the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. O'MAHONEY. Mr. President, reserving the right to object, I should like to call attention at this point to the CONGRESSIONAL RECORD of yesterday, Monday, May 26, which is before us today. The Senator from South Carolina [Mr. JOHNSTON] just called my attention to the list of committee meetings for today, Tuesday, May 27, which appears in the CONGRESSIONAL RECORD Daily Digest for May 26. Following are the Senate committees meeting today: The Committee on Agriculture and Forestry, the subcommittee of the Committee on Appropriations considering the Interior Department appropriation bill, the Committee on Armed Services, the Committee on Banking and Currency, the Committee on Civil Service, the Committee on the District of Columbia, the Committee on Foreign Relations, a subcommittee of the Committee on Interstate and Foreign Commerce, two subcommittees of the Committee on the Judiciary, the Committee on Public Lands, the Committee on Public Works, a subcommittee of the Committee on Rules and Administration, and a subcommittee of the Special Committee To Study Problems of American Small Business.

I think that is only a partial list, because Mr. President, while nearly 30 minutes were being consumed in calling the roll, I have talked with numerous Senators, who said they should be attending committee meetings. The Senator from Georgia [Mr. GEORGE] says he should be attending a meeting of the Committee on Foreign Relations. The Senator from Wisconsin [Mr. WILEY] should also be attending the meeting of the Committee on Foreign Relations and, I think, a meeting of the Committee on the Judiciary.

Mr. WILEY. Meetings of two subcommittees of the Committee on the Judiciary.

Mr. O'MAHONEY. The Senator from Wisconsin calls attention to the fact that he should be present at the meetings of two subcommittees of the Committee on the Judiciary. The Senator from California [Mr. KNOWLAND], whom I see across the Chamber, and myself, are members of the subcommittee of the Appropriations Committee handling the Interior Department appropriation bill, and should be present at the meeting of that committee.

Again, Mr. President, I call attention to the fact that the majority, which is conducting the procedure in the Senate, must bear the responsibility for having these committee meetings going on while the Senate is in session. I think there will be no more important bill before the



Eightieth Congress than the bill to reduce taxes. It is equally true that the Committee on Foreign Relations, the Committee on Appropriations, and all the other committees are attending to very important matters.

We started out under the Reorganization Act with the theory that the Senate would meet on alternate days for the consideration of public business, and that on the other days when the Senate was not in session the committees would be in session. The purpose was to have full sessions of the Senate and full meetings of the respective committees. As a result of the procedure which is now being followed we are having full meetings of neither the committees, nor of the Senate, and the public business is certain to suffer as a result. Sometimes Members of the Senate rush to committee meetings on which they have not previously had the opportunity to be in attendance, because, forsooth, they may have been in attendance upon the sessions of the Senate, and when they come to the committee meetings they have only the faintest notion of the evidence which is being presented to the committees. At the same time Members come from committee meetings to the floor of the Senate when the time comes to vote, and they are necessarily obliged to vote without knowledge of the debate which has previously taken place. I think it is important that there should be revealed to the public the fact that under the procedure which is now being followed the majority party meets in caucus, decides what is to be done, and then blithely sheds the responsibility of listening to the debate. I think the practice of having committees meet during sessions of the Senate is utterly wrong.

Last night the majority leader asked that the Senate take a recess until 11 o'clock this morning. For what purpose? To expedite the public business, perhaps. It has taken us half an hour to get a quorum. A moment ago the Presiding Officer announced that 49 Senators having answered to their names, a quorum was present. Many of those Senators merely put their faces inside the door, caught the eye of the clerk calling the roll, and then retired to their committee meetings. But when the Record is printed tomorrow, the Presiding Officer will not be quoted as stating that 49 Senators are present; he will be quoted as saying that 84 or more Senators are present, because the names of many Senators, whether they are in the Chamber or in committees, will be printed as showing the presence of those Senators in response to the quorum call. I submit that that is not a program which should be followed. In order to emphasize the point, on which I know the majority leader agrees, I am forced at this time to object to the unanimous-consent request.

The PRESIDING OFFICER. Objection is heard.

Mr. WHITE. Mr. President, will the Senator from Colorado yield to me to say a brief word?

Mr. MILLIKIN. I yield.

Mr. WHITE. With the general principles announced by the Senator from Wyoming I have no controversy whatsoever. But we are facing a condition and

not a theory. I do not know what the remedy is.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

Mr. WHITE. Yesterday I suggested that the Senator from Wyoming might with propriety, and possible benefit, suggest a modification of our rules which would help in time to solve the problem we confront. We are up against a mass of work which seemingly requires a duplication of presence of Members of the Senate in two different places at the same time.

Committee work is essential. I agree that the work on the floor of the Senate is of the utmost importance. As the Senator says, under the reorganization bill we undertook to hold sessions on alternate days, reserving Tuesday, Thursday, and Saturday for the committees to carry on their work. However, it was found that there was so much delay in bringing legislation to the floor of the Senate that some other course had to be adopted, at least temporarily. I do not like it any more than does the Senator from Wyoming. But we must either continue that practice or adopt an alternative and object to all such requests. If the Senator can make any suggestion which will help the situation, and which is not a scolding of the majority leader, I will welcome the suggestion.

Mr. O'MAHONEY. I would not scold the majority leader.

Mr. WHITE. I am sorry that the Senator has seen fit to select this particular occasion to object to a request of this character.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Colorado yield to me for a brief statement?

Mr. MILLIKIN. For what purpose?

Mr. JOHNSTON of South Carolina. I wish to bring to the attention of the Senate a possible way out of the situation in which we now find ourselves.

The PRESIDING OFFICER. Does the Senator from Colorado yield for that purpose?

Mr. MILLIKIN. How long will the Senator require?

Mr. JOHNSTON of South Carolina. About 2 minutes.

Mr. MILLIKIN. I am glad to yield.

Mr. JOHNSTON of South Carolina. Mr. President, I am glad this matter has been brought to the attention of the Senate. Only this morning in my committee, the Committee on Civil Service, we sat for 30 or 40 minutes and did not get a quorum because Senators were in attendance upon other committees—subcommittees as well as joint committees. Now we find difficulty obtaining a quorum in the Senate.

There is one thing we all know, and that is that we cannot have the Senate and the committees meeting at the same time and have a quorum in both places. The calendar of the Committee on the Civil Service contains 75 or 100 bills. Recently we have not been able to obtain a quorum. I do not know why, unless it is because other committees are meeting at the same time.

I suggest that the Senate not meet every day, giving one day to the committees, so that they can report bills in

order that they may be placed on the Senate Calendar. They must get to the Senate Calendar if we mean to pass them. If we do not, then under the present rules, which require Senators to be present in committee when a bill is reported, a sufficient number of Senators can remain away from the committee to prevent any bill from being reported, and thereby the bill can be killed. As I see it, committees and the Senate ought not to meet at the same time.

Mr. O'MAHONEY. Mr. President, will the Senator from Colorado yield to me to make a response to the question which was asked me by the majority leader?

Mr. MILLIKIN. I yield.

Mr. O'MAHONEY. The Senator from Maine asked me what suggestion I had to solve this difficulty. The first suggestion I would make is that the majority leader should not ask the Senate to meet in regular session before noon, so that at least the mornings could be given up to the committees, with the knowledge on the part of committee members that they would not be called to the floor, or that there would not be discussed on the floor matters to which they would be required to give their attention.

My second suggestion is the one which I made 3 or 4 days ago when this question was under discussion, and that is that the Committee on Rules and Administration should recommend a rule with respect to germaneness. Under a rule of germaneness, for example, it would not be possible for me now to be discussing the rules of the Senate rather than the tax bill. I say to the Senator quite frankly that in my judgment such a rule should be adopted.

The fundamental difficulty, however, is that there has been concentrated in Washington so much of the business of the country because there has been concentrated in the hands of great industrial units so much of the economy of the country, that it is utterly impossible for us to do the business we are required to do. The system is breaking down under that burden.

Mr. WHITE. Mr. President, will the Senator from Colorado yield to me?

Mr. MILLIKIN. I yield.

Mr. WHITE. I agree with the diagnosis made by the Senator from Wyoming as to our troubles. Basically our trouble is just what the Senator from Wyoming has said—a mass of work that we are physically unable to do.

I see no solution of the problem until the people of the country stop looking to Washington for guidance and comfort in their social, economic, financial, agricultural, and political life. So long as the people of the country turn to Washington day in and day out, month after month, and year after year, for the solution of all the problems of life, we shall never have a happy situation in the legislative body.

Mr. O'MAHONEY. If I may interrupt at that point, the reason why they turn to Washington for the solution of all their problems is that, because of the expanded power of our concentrated economic units, the States and the localities have lost the power to protect the public interest, and only here can it be protected.

Mr. WHITE. I agree with the statement of the Senator from Wyoming.

As a matter of fact, for the purpose of clarity and accuracy in the RECORD, let me say that I did not myself make the request yesterday for a recess until 11 o'clock today. I knew the request was to be made, but I do not assume responsibility for making it.

Mr. O'MAHONEY. I am glad to be corrected on that point.

Mr. WHITE. I do not like these 11 o'clock sessions of the Senate under all ordinary circumstances. One reason for the motion made last night was the hope that we might conclude the tax bill on either Wednesday or Thursday, and that we might then recess, or adjourn over, as the case might be, until Monday. I will say now, and give notice, that if the pending legislation is disposed of by Thursday night the motion will be made to go over until Monday. I give that notice so that all Members may be advised thereof. If the legislation is not disposed of, that is something else, and we will have to decide later with reference to it.

Mr. O'MAHONEY. Mr. President, in view of the fact that the Senator from Maine has graciously acknowledged the existence of this problem and has expressed a general agreement with the point of view which the Senator from Wyoming has expressed, and in the hope that as majority leader he will be able to induce the majority to take some action to correct the situation, I shall be agreeable and shall withdraw my objection to his request.

The PRESIDING OFFICER. Is there any further objection to the request of the Senator from Maine? The Chair hears none, and it is so ordered.

Mr. WHITE. May I express my appreciation to the Senator from Wyoming. He is always generous and always gracious.

Mr. WILEY. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. WILEY. Mr. President, I have listened with a good deal of interest and profit to the discussion, but I see nothing unusual in the situation as compared with what has obtained in the years that I have been here. I know that when men who want to work are given an opportunity to work, whether it be on the floor of the Senate or in committee, they are the workers who will do the job. That is the situation as we find it at this time.

I heard some reference made to a committee which has before it a hundred bills. My committee has nearly 600 bills. The only thing I can do is to help the committee work at committee meetings.

I now ask unanimous consent, Mr. President, that tomorrow afternoon a subcommittee of the Committee on Foreign Relations be permitted to hold a session. I do not know whether the rule applies to subcommittees, but I have been told that it might. It certainly applies to committees. So I ask unanimous consent that a subcommittee of the Committee on Foreign Relations may hold meetings to consider the matter of the St. Lawrence waterway.

The PRESIDING OFFICER. Without objection, the order is made.

Mr. REVERCOMB. Mr. President, I ask unanimous consent that the Subcommittee on Constitutional Amendments of the Committee on the Judiciary be permitted to meet this afternoon at 2 o'clock.

The PRESIDING OFFICER. Without objection, the order is made.

#### REDUCTION OF INDIVIDUAL INCOME TAX PAYMENTS

The Senate resumed the consideration of the bill (H. R. 1) to reduce individual income-tax payments.

Mr. MILLIKIN. Mr. President, may we have the first committee amendment stated?

The PRESIDING OFFICER. The first committee amendment will be stated.

The first amendment of the Committee on Finance was, on page 1, after line 4, to strike out section 2, as follows:

SEC. 2. Reduction in normal tax and surtax on individuals.

(a) Reduction in normal tax on individuals: Section 11 of the Internal Revenue Code (relating to the normal tax on individuals) is hereby amended by striking out "5 percent" and inserting in lieu thereof "24 percent", and by adding at the end of such section a new sentence to read as follows: "If aggregate of tentative normal tax and tentative surtax is not more than \$279.17, see section 12 (1), and if more than \$250,000, see section 12 (g)."

(b) Reduction in surtax on individuals: Section 12 (b) of the Internal Revenue Code (relating to the rate of surtax on individuals) is hereby amended by striking out "5 percent" and inserting in lieu thereof "24 percent."

(c) Tentative tax more than \$250,000: Section 12 (g) of the Internal Revenue Code (relating to tax on large incomes) is hereby amended to read as follows:

"(g) Tentative tax more than \$250,000: If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is more than \$250,000, the combined normal tax and surtax shall not be less than such aggregate reduced by the sum of (1) 24 percent of the first \$250,000 thereof plus (2) 15 percent of the amount thereof in excess of \$250,000, but in no event shall the combined normal tax and surtax exceed 76½ percent of the net income of the taxpayer for the taxable year. In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

(d) Tentative tax not more than \$279.17: Section 12 of the Internal Revenue Code is hereby amended by adding at the end thereof a new subsection to read as follows:

"(1) Tentative tax not more than \$279.17.—

"(1) If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is not more than \$200, the combined normal tax and surtax shall not be greater than such aggregate reduced by 33½ percent thereof.

"(2) If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is more than \$200 but not more than \$279.17, the combined normal tax and surtax shall not be greater than such aggregate reduced by \$67.

"(3) In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

(e) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

And in lieu thereof to insert the following:

SEC. 2. Reduction in normal tax and surtax on individuals.

(a) Reduction in normal tax on individuals: Section 11 of the Internal Revenue Code (relating to the normal tax on individuals) is hereby amended to read as follows:

"SEC. 11. Normal tax on individuals.

"There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax determined by computing a tentative normal tax of 3 percent of the amount of the net income in excess of the credits against net income provided in section 25, and by reducing such tentative normal tax as provided in section 12 (g). For alternative tax which may be elected if adjusted gross income is less than \$5,000, see Supplement T."

(b) Reduction in surtax on individuals: Section 12 (b) of the Internal Revenue Code (relating to the rate of surtax on individuals) is hereby amended by striking out "by 5 percent thereof" and inserting in lieu thereof "as provided in subsection (g) of this section."

(c) Reduction of tentative normal tax and tentative surtax: Section 12 (g) of the Internal Revenue Code is hereby amended to read as follows:

"(g) Reduction of tentative normal tax and tentative surtax.—

"(1) In the case of taxable years beginning after December 31, 1947, the combined normal tax and surtax under section 11 and subsection (b) of this section shall be the aggregate of the tentative normal tax and tentative surtax, reduced as follows:

If the aggregate is:	The reduction shall be:
Not over \$200-----	33½ percent of the aggregate.
Over \$200 but not over \$279.17.	\$67.
Over \$279.17 but not over \$50,000.	24 percent of the aggregate.
Over \$50,000 but not over \$250,000.	\$12,000, plus 19¼ percent of excess over \$50,000.
Over \$250,000-----	\$50,500, plus 15 percent of excess over \$250,000.

In no event shall the combined normal tax and surtax exceed 76½ percent of the net income of the taxpayer for the taxable year.

"(2) In the case of taxable years beginning in 1947, the combined normal tax and surtax under section 11 and subsection (b) of this section shall be the aggregate of the tentative normal tax and tentative surtax, reduced as follows:

If the aggregate is:	The reduction shall be:
Not over \$200-----	19¼ percent of the aggregate.
Over \$200 but not over \$265.52.	\$38.50.
Over \$265.52 but not over \$50,000.	14½ percent of the aggregate.
Over \$50,000 but not over \$250,000.	\$7,250 plus 12 percent of excess over \$50,000.
Over \$250,000-----	\$31,250 plus 10 percent of excess over \$250,000.

In no event shall the combined normal tax and surtax exceed 81 percent of the net income of the taxpayer for the taxable year.

"(3) Whenever it is necessary to ascertain the normal tax and the surtax separately, the surtax shall be an amount which is the same proportion of the combined normal tax and surtax as the tentative surtax is of the aggregate of the tentative normal tax and tentative surtax; and the normal tax shall be the remainder of such combined normal tax and surtax.



"(4) In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

(d) Taxable years to which applicable: The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, or beginning in 1947 and ending in 1948, see section 6.

Mr. McCLELLAN. Mr. President—  
The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Arkansas?

Mr. MILLIKIN. I yield.

Mr. McCLELLAN. Mr. President, I want to offer an amendment to the committee amendment at this point. If the Senator from Colorado wishes to speak now, I shall, of course, withhold my amendment, but I wanted to offer it before the committee amendment is agreed to.

Mr. MILLIKIN. I believe it would be best, Mr. President, if the Senator were to offer his amendment and proceed with his own remarks on it, and perhaps I could then proceed with the other amendments in the bill and have them disposed of.

Mr. McCLELLAN. I am perfectly willing to defer my remarks until the Senator has concluded with other amendments he would like to have agreed to, but I do not want to lose the right to offer the amendment.

Mr. MILLIKIN. On further consideration I believe it would be better for the Senator to offer his amendment and make his explanation, and then the Senate can pass on to the other committee amendments.

Mr. McCLELLAN. Mr. President, I offer the amendment which I have previously submitted and which is on the desk.

The PRESIDING OFFICER. Is it an amendment to the pending amendment?

Mr. McCLELLAN. It is an amendment to the pending amendment by adding additional language at the end of line 19 on page 6.

The PRESIDING OFFICER. The Clerk will state the amendment to the committee amendment.

The CHIEF CLERK. In the committee amendment on page 6, after line 19, it is proposed to insert the following new section:

(b) Reduction in surtax on individuals and establishment of new method for computation of surtax in case of joint returns: So much of section 12 (b) of the Internal Revenue Code (relating to the rates of surtax) as precedes the table therein is hereby amended to read as follows:

"(b) Computation of surtax.—

"(1) Separate return: Except in the case of a joint return by husband and wife, there shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax determined by computing a tentative surtax under the table set forth in paragraph (3) of this subsection, and by reducing such tentative surtax by 24 percent thereof.

"(2) Joint return: In the case of a joint return by husband and wife under section 51, there shall be levied, collected, and paid for each taxable year upon the aggregate surtax net income of the husband and wife a surtax determined—

"(A) by computing a tentative surtax under the table set forth in paragraph (3)

of this subsection upon an amount equal to one-half of such aggregate surtax net income;

"(B) by multiplying the tentative surtax ascertained under subparagraph (A) by two; and

"(C) by reducing the amount ascertained under subparagraph (B) by 24 percent thereof.

"(3) Surtax table: The table referred to in paragraphs (1) and (2) is as follows:"

(e) Standard deduction: Section 23 (aa) (1) of the Internal Revenue Code (relating to the optional standard deduction for individuals) is amended to read as follows:

"(1) Allowance: In the case of an individual, at his election, a standard deduction as follows:

"(A) Separate return with adjusted gross income \$5,000 or more: Except in the case of a joint return by husband and wife, if the adjusted gross income is \$5,000 or more, the standard deduction shall be \$500.

"(B) Joint return with adjusted gross income \$5,000 or more: In the case of a joint return by husband and wife under section 51, if the aggregate adjusted gross income of the husband and wife is \$5,000 or more, the standard deduction shall be \$1,000 or an amount equal to 10 percent of such aggregate adjusted gross income, whichever is the lesser.

"(C) Adjusted gross income less than \$5,000: If the adjusted gross income is less than \$5,000, the standard deduction shall be an amount equal to 10 percent of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in section 400."

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. As I understand, the amendment I have just offered to the committee amendment is the pending question.

The PRESIDING OFFICER. The understanding of the Senator from Arkansas is correct. The question is on agreeing to the amendment offered by the Senator from Arkansas to the committee amendment.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the Senate proceed with the other committee amendments, without prejudice to the amendment of the Senator from Arkansas to the first committee amendment.

The PRESIDING OFFICER. Is there objection?

Mr. McCLELLAN. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, may the next committee amendment be stated now?

The PRESIDING OFFICER. The second committee amendment will be stated.

Mr. WHITE. Mr. President, has the first committee amendment been agreed to?

Mr. MILLIKIN. No, Mr. President; we are passing over that amendment, without prejudice to the amendment which the Senator from Arkansas has offered to it.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, in section 3, on page 7, after line 2, to strike out:

(a) In general: The tax table in section 400 of the Internal Revenue Code (relating to optional tax on individuals with adjusted

gross incomes of less than \$5,000) is hereby amended to read as follows:

["Individuals with adjusted gross incomes of less than \$5,000—"]

And in lieu thereof, to insert the following:

(a) In general: Section 400 of the Internal Revenue Code (relating to optional tax on individuals with adjusted gross incomes of less than \$5,000) is hereby amended to read as follows:

"Sec. 400. Imposition of Tax.

"In lieu of the taxes imposed by sections 11 and 12, there shall be levied, collected, and paid for each taxable year upon the net income of each individual whose adjusted gross income for such year is less than \$5,000, and who has elected to pay the tax imposed by this supplement for such year, a tax as follows:

"Taxable years beginning after 1947

The PRESIDING OFFICER. The question is on agreeing to the second committee amendment which has just been stated.

Mr. MILLIKIN. Mr. President, there is an amendment at the top of page 10 which belongs to the amendment which has just been stated.

The PRESIDING OFFICER. Does the Senator from Colorado wish to have that amendment read at this time?

Mr. MILLIKIN. It is a part of the section 3 amendment.

The PRESIDING OFFICER. The clerk will state that portion of the amendment appearing in line 3 on page 10.

The CHIEF CLERK. On page 10—

The PRESIDING OFFICER. The Chair advises the Senator from Colorado that the Parliamentarian has informed the Chair that the committee amendment to which the Senator has just referred constitutes a separate and distinct committee amendment from the one which has already been stated.

Mr. MILLIKIN. Very well.

The PRESIDING OFFICER. Does the Senator from Colorado wish to have the amendment on page 10 stated as a second or as a third committee amendment?

Mr. MILLIKIN. I should like to have action taken on the committee amendment which has been stated.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 7, after line 2, known as the second committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The CHIEF CLERK. On page 10—

The PRESIDING OFFICER. The Chair advises the Senator from Colorado that the Parliamentarian has called the attention of the Chair to the fact that the table appearing on page 9 is also a committee amendment. Is that correct?

Mr. MILLIKIN. That is correct, and I should like to have action taken on it.

The PRESIDING OFFICER. Very well.

The question is on agreeing to the committee amendment at the top of page 9, comprising the table which appears at that point.

The amendment was agreed to, as follows:

At the top of page 9, insert:

"Taxable years beginning in 1947"

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—								
At least	But less than	1	2	3	4 or more	At least	But less than	1	2	3	4	5	6	7	8	9 or more
The tax shall be—						The tax shall be—						The tax shall be—				
\$0	\$550	\$0	\$0	\$0	\$0	\$2,225	\$2,250	\$259	\$164	\$83	\$2	\$0	\$0	\$0	\$0	\$0
550	575	1	0	0	0	2,250	2,275	263	169	87	6	0	0	0	0	0
575	600	1	0	0	0	2,275	2,300	267	173	90	9	0	0	0	0	0
600	625	1	0	0	0	2,300	2,325	270	178	94	13	0	0	0	0	0
625	650	12	0	0	0	2,325	2,350	274	182	98	17	0	0	0	0	0
650	675	16	0	0	0	2,350	2,375	278	187	101	20	0	0	0	0	0
675	700	19	0	0	0	2,375	2,400	282	191	105	24	0	0	0	0	0
700	725	23	0	0	0	2,400	2,425	286	196	108	28	0	0	0	0	0
725	750	26	0	0	0	2,425	2,450	290	200	112	31	0	0	0	0	0
750	775	30	0	0	0	2,450	2,475	293	205	116	35	0	0	0	0	0
775	800	34	0	0	0	2,475	2,500	297	209	119	39	0	0	0	0	0
800	825	37	0	0	0	2,500	2,525	301	214	123	42	0	0	0	0	0
825	850	41	0	0	0	2,525	2,550	305	218	127	46	0	0	0	0	0
850	875	45	0	0	0	2,550	2,575	309	223	130	49	0	0	0	0	0
875	900	48	0	0	0	2,575	2,600	313	227	134	53	0	0	0	0	0
900	925	52	0	0	0	2,600	2,625	317	231	137	57	0	0	0	0	0
925	950	56	0	0	0	2,625	2,650	320	235	141	60	0	0	0	0	0
950	975	59	0	0	0	2,650	2,675	324	239	145	64	0	0	0	0	0
975	1,000	63	0	0	0	2,675	2,700	328	243	148	68	0	0	0	0	0
1,000	1,025	66	0	0	0	2,700	2,725	332	246	152	71	0	0	0	0	0
1,025	1,050	70	0	0	0	2,725	2,750	336	250	156	75	0	0	0	0	0
1,050	1,075	74	0	0	0	2,750	2,775	340	254	159	79	0	0	0	0	0
1,075	1,100	77	0	0	0	2,775	2,800	344	258	163	82	1	0	0	0	0
1,100	1,125	81	0	0	0	2,800	2,825	348	262	168	86	5	0	0	0	0
1,125	1,150	85	4	0	0	2,825	2,850	352	266	172	89	9	0	0	0	0
1,150	1,175	88	7	0	0	2,850	2,875	356	270	177	93	12	0	0	0	0
1,175	1,200	92	11	0	0	2,875	2,900	361	273	181	97	16	0	0	0	0
1,200	1,225	95	15	0	0	2,900	2,925	365	277	185	100	20	0	0	0	0
1,225	1,250	99	18	0	0	2,925	2,950	369	281	190	104	23	0	0	0	0
1,250	1,275	103	22	0	0	2,950	2,975	373	285	195	108	27	0	0	0	0
1,275	1,300	106	26	0	0	2,975	3,000	378	289	199	111	30	0	0	0	0
1,300	1,325	110	29	0	0	3,000	3,050	384	295	206	117	36	0	0	0	0
1,325	1,350	114	33	0	0	3,050	3,100	392	302	215	124	43	0	0	0	0
1,350	1,375	117	37	0	0	3,100	3,150	401	310	224	131	50	0	0	0	0
1,375	1,400	121	40	0	0	3,150	3,200	409	318	232	138	58	0	0	0	0
1,400	1,425	125	44	0	0	3,200	3,250	418	325	240	146	65	0	0	0	0
1,425	1,450	128	47	0	0	3,250	3,300	426	333	248	153	72	0	0	0	0
1,450	1,475	132	51	0	0	3,300	3,350	435	341	255	160	80	0	0	0	0
1,475	1,500	135	55	0	0	3,350	3,400	443	349	263	169	87	6	0	0	0
1,500	1,525	139	58	0	0	3,400	3,450	452	358	271	178	94	13	0	0	0
1,525	1,550	143	62	0	0	3,450	3,500	460	366	278	187	101	21	0	0	0
1,550	1,575	146	66	0	0	3,500	3,550	468	374	286	196	109	28	0	0	0
1,575	1,600	150	69	0	0	3,550	3,600	477	383	294	205	116	35	0	0	0
1,600	1,625	154	73	0	0	3,600	3,650	485	391	301	214	123	42	0	0	0
1,625	1,650	157	77	0	0	3,650	3,700	494	400	309	223	130	50	0	0	0
1,650	1,675	161	80	0	0	3,700	3,750	502	408	317	231	138	57	0	0	0
1,675	1,700	165	84	3	0	3,750	3,800	511	417	324	239	145	64	0	0	0
1,700	1,725	170	87	7	0	3,800	3,850	519	425	332	247	152	71	0	0	0
1,725	1,750	174	91	10	0	3,850	3,900	528	434	340	254	159	79	0	0	0
1,750	1,775	179	95	14	0	3,900	3,950	536	442	348	262	168	86	5	0	0
1,775	1,800	183	98	18	0	3,950	4,000	545	451	357	270	177	93	13	0	0
1,800	1,825	188	102	21	0	4,000	4,050	553	459	365	277	186	101	20	0	0
1,825	1,850	192	106	25	0	4,050	4,100	562	468	374	285	195	108	27	0	0
1,850	1,875	197	109	28	0	4,100	4,150	570	476	382	293	204	115	34	0	0
1,875	1,900	201	113	32	0	4,150	4,200	579	484	390	301	213	122	42	0	0
1,900	1,925	206	116	36	0	4,200	4,250	587	493	399	308	222	130	49	0	0
1,925	1,950	210	120	39	0	4,250	4,300	595	501	407	316	230	137	56	0	0
1,950	1,975	215	124	43	0	4,300	4,350	604	510	416	324	238	144	63	0	0
1,975	2,000	219	127	47	0	4,350	4,400	612	518	424	331	246	151	71	0	0
2,000	2,025	224	131	50	0	4,400	4,450	621	527	433	339	254	159	78	0	0
2,025	2,050	228	135	54	0	4,450	4,500	629	535	441	347	261	167	85	4	0
2,050	2,075	232	138	58	0	4,500	4,550	638	544	450	356	269	176	92	12	0
2,075	2,100	236	142	61	0	4,550	4,600	646	552	458	364	277	185	100	19	0
2,100	2,125	240	146	65	0	4,600	4,650	655	561	467	373	284	194	107	26	0
2,125	2,150	243	149	68	0	4,650	4,700	663	569	475	381	292	203	114	34	0
2,150	2,175	247	153	72	0	4,700	4,750	672	578	484	389	300	212	122	41	0
2,175	2,200	251	156	76	0	4,750	4,800	680	586	492	398	307	221	129	48	0
2,200	2,225	255	160	79	0	4,800	4,850	689	595	500	406	315	230	136	55	0
						4,850	4,900	697	603	509	415	323	237	143	63	0
						4,900	4,950	706	611	517	423	330	245	151	70	0
						4,950	5,000	714	620	526	432	338	253	158	77	0"

The next amendment was, on page 10, line 3, after the numerals "1947", to insert a comma and "or beginning in 1947 and ending in 1948."

The amendment was agreed to.

The PRESIDING OFFICER. Are there other amendments which the Senator from Colorado wishes to have stated?

Mr. MILLIKIN. I should like to have the committee amendments in section 4 stated.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment was, in section 4, page 10, line 12, after the words "by adding after", to strike out:

subparagraph (C) a new subparagraph to read as follows:

"(D) If the taxpayer has attained the age of 65—

"(1) an additional exemption of \$500;

"(ii) in the case of a joint return by husband and wife under section 51, an exemption in lieu of the exemption provided in clause (1) of this subparagraph, of \$500 for each spouse who has attained the age of 65, and whose gross income (computed without regard to section 22 (o)) for the taxable year is \$500 or more;

"(iii) for limitation on exclusion from gross income of retirement pay, etc., see section 22 (o)."

And in lieu thereof, to insert:

subparagraph (C) the following:

"(D) an additional exemption of \$500 for the taxpayer if he has attained the age of 65 on or before the last day of his taxable year;

"(E) an additional exemption of \$500 for the spouse of the taxpayer if—

"(1) a joint return is made by the taxpayer and his spouse under section 51 and the spouse has attained the age of 65 on or before such last day, in which case the ag-

gregate exemption of the spouses under subparagraph (D) and this subparagraph shall not exceed \$500 with respect to each spouse who has attained the age of 65 on or before such last day; or

"(2) a separate return is made by the taxpayer, and his spouse has attained the age of 65 on or before such last day and has no gross income for the calendar year in which the taxable year of the taxpayer begins and is not the dependent of another taxpayer."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment which has just been stated.

Mr. GEORGE. Mr. President, I should merely like to inquire here—for it may be helpful for the record to have the answer appear—what change, if any, would be required in the case of a taxpayer whose wife is not the owner of a separate estate, and who simply shows that fact in his return. In that case,



would the husband and the wife, both being 65 years of age, be entitled to the full \$500 exemption for each one of them, as additional exemptions?

Mr. MILLIKIN. If they filed separate returns, they could each claim the additional \$500 for being over 65 years of age.

Mr. GEORGE. But suppose they did not file separate returns; suppose the wife has no separate income whatever, and suppose the income-tax return of the husband merely shows that he is married, and states the name of his wife and her age. In that event, will the husband be required to do something more in order to receive the double exemption of \$500, which this section provides?

Mr. MILLIKIN. I will say to the distinguished Senator from Georgia that if the wife has no income, the wife's exemption goes to the husband as an additional exemption, even when the husband files a separate return. If a joint return is filed, and both are over 65 years of age the additional \$1,000 is allowed—\$500 for each—regardless of whether the wife has any income.

Mr. GEORGE. And there would be no necessity for a separate return in that case?

Mr. MILLIKIN. There would be no necessity at all for it.

Mr. GEORGE. And that could simply be shown on the husband's return?

Mr. MILLIKIN. That is correct. If the wife has no income it could be shown on the husband's return, and if the wife has income, it could be shown on the joint return.

Mr. GEORGE. That was my understanding, but I wished to be sure of it.

Mr. MILLIKIN. That is correct.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LUCAS. Do I correctly understand from the Senator from Colorado that if the wife has no income whatever, the husband will be entitled to claim a total additional exemption of \$1,000?

Mr. MILLIKIN. That is correct.

Mr. LUCAS. Does the Senator from Colorado think that is fair?

Mr. MILLIKIN. I do.

Mr. LUCAS. In other words, if a man over 65 years of age is making \$10,000 a year and if his wife has no income, that man will receive a total additional exemption of \$1,000, whereas a man 30 years of age who is married will receive nothing in the way of an exemption, other than what is included in the first brackets of House bill 1.

Mr. MILLIKIN. I would suggest to the distinguished Senator that the point is that this is a provision which is aimed to affect people who reach the age of 65 and who find themselves under the handicaps of that age group. If the wife of such a taxpayer does not have any income at all, that is not an advantage to the family, it is an additional handicap on the single breadwinner of the family. Hence, there is considerable justice and equity in giving him the benefit of the exemption for the wife.

Mr. LUCAS. I am not objecting to the individual over 65 years of age, now drawing an old age pension, or who is on the retirement roll, getting

the exemption. I am objecting, and strenuously objecting, to the provision in the bill which permits all people over 65 years of age, regardless of their financial circumstances, to obtain a \$500 exemption, and the same individual, over 65 years of age who is making \$10,000 a year, let us say, getting, in addition to the \$500, another \$500 exemption for his wife, in the event the wife is not working.

Mr. MILLIKIN. The Senator has raised the question whether the need test should be applied to that particular group of people. Personally, I do not believe it should be, and we have precedents for not applying it in the case of exemptions. The exemptions granted to all taxpayers are not granted or withheld on the basis of need. The richest man in the country gets the benefit of the present exemption, as well as the poorest.

Mr. LUCAS. The Senator is correct in that, but certainly the bill is discriminatory, under the Senator's own theory, because the sponsors of the bill are selecting a special class of people over 65 years of age, whether they need the exemption or not, irrespective of their financial situation in life, and granting to this particular group of people the kind of an exemption I have been discussing.

In my judgment, that theory cannot be supported under any sound principle of good taxing law. I said so in the committee; I am saying so now. I think the House provision is absolutely sound. People over 65 years of age, drawing old age pensions and those on retirement, need relief, and the exemption should be applied to them, but certainly when we open the field and spread the exemption out to every individual throughout the United States over 65 years of age, irrespective of his financial station in life, we shall pass tax legislation that is unfair and inequitable. It violates the fundamental rule that taxes should be levied based upon the ability to pay. It is the most unsound theory of tax exemption I have experienced since I have been in Congress.

Mr. MILLIKIN. I suggest to the Senator most respectfully that I regard these particular provisions in the bill as among the most worthy. In our social-security system we have made special provision for aged people, and have given them special advantages. It has been a part of our social and political philosophy, and that is what we are doing here. I think we are doing a very fine, constructive thing for people who find themselves at a point in life when they do not have the vigor to maintain with added wages the position which younger people have in the economic battles of life.

Mr. LUCAS. I agree with the Senator's argument to a point; it is sound as far as it goes. He keeps talking about those in need, and he is correct as to the person over 65 drawing an old-age pension or under the retirement fund. So far as I am concerned, such a person is entitled to the \$500 exemption. What I am inveighing against as well as I know how to—and the Senator sees the point, I am sure—is that all people, regardless of their financial condition, who are over 65 years of age, get the \$500 exemption,

and may even get a \$1,000 exemption. In other words, a Senator of the United States over 65 years of age, who is drawing a salary of \$15,000 a year, can get a \$1,000 exemption if he is married, while the individual who is a clerk in the Senate, with perhaps two or three children, gets no exemption at all for those children or himself. All he gets is the benefit of the reduced rate of tax. If the Senator can square that with any theory of a fair tax bill, he is welcome to do so, but I just cannot do it.

Mr. MILLIKIN. I understand the theory of the Senator, and in my opinion it would be very unjust and very unwholesome to start applying the need test in cases of that kind. Secondly, I call the Senator's attention to the unfortunate complexity of administering the need test, if such a test were ever advisable.

Mr. LUCAS. I think it most unfortunate that we do not give all taxpayers an additional \$500 exemption if we are going to give it to all taxpayers who are 65 years of age. A rich man should not be entitled to such favoritism. If we are going to start that kind of an exemption, we ought to give every taxpayer equal treatment under the law. If we do not do that, those in the smaller income brackets with children are getting a bad deal at the hands of Congress. They are getting the reduced rate, but so far as exemptions are concerned, we leave them just as they are. We keep everybody on the tax roll, a total of 47,700,000, at the present time, with the exception of those over 65 years of age, and a million and a half, perhaps, of those may be off because of this provision.

Mr. MILLIKIN. If the Senator's theory prevailed, it would require very drastic changes in our whole tax structure, for we now grant everyone a \$500 base exemption, and an exemption for children, regardless of his poverty or wealth.

Mr. GEORGE. Mr. President, I think I should make a statement on the point which has been raised. I would question very much the validity of the provision under consideration, and the soundness of it, were it not for two facts which I think should be kept in mind, and considering those facts as they are, it seems to me that the provision might well be retained in the bill.

First of all, Congress itself has exempted payments under the Railroad Retirement Act, although they may amount to as much as \$1,440 annually, even before the passage of the Crosser bill. Then by an executive ruling any amount paid out under the Social Security Act is exempt from the income tax. Other examples might be given.

That has created a bad situation in our law, and either we would have to go through all our laws, and give to people who are getting retirement benefits in any form some similar increased exemption, or permit an exclusion of the amounts they receive in the way of those benefits, in order to correct that inequality, or we should increase the exemption. I think the important point here is that our present exemptions are only \$500 per capita. Our exemption of \$500 is allowed every man, woman, and child who is a taxpayer. That is a very low per capita exemption in fact, it is

too low, and we must be moving, as soon as we are able to move, in the direction of a greater statutory exemption for all our taxpayers. When, therefore, one considers that this is simply an increase in the present exemption of \$500 for people who have reached the age of 65 years, it seems to me there is some justification for it, and it can be reconciled with sound principles of taxation. I wanted to make my own position on the matter clear. Primarily, it is that sooner or later—and the sooner the better—we must increase the exemptions that are now given to all taxpayers \$500 is too low and in the case of the special class where the earning power for the most part has gone, after the age of 65, we are acting now and also ironing out inequalities that exist by virtue of the exclusion from income of pensions paid under the Railroad Retirement Act, social security, and so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the Committee on Finance to subsection (a) of section 4.

The amendment was agreed to.

The next amendment was, on page 11, after line 20, to strike out:

(b) Determination of age: Section 25 (b) (2) of the Internal Revenue Code is hereby amended by adding at the end thereof a new sentence to read as follows: "For the purposes of paragraph (1) (D) the determination of the age of an individual shall be made as of the last day of the taxable year."

(c) Limitation on exclusion from gross income of retirement pay, etc.: Section 22 of the Internal Revenue Code (relating to gross income) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(o) Retirement pay, etc., of individuals 65 or over: If an individual entitled to the exemption provided in section 25 (b) (1) (D) (relating to individuals who have attained the age of 65) receives during the taxable year any amount (other than a lump-sum benefit) as pension, annuity, retirement pay, old age or survivor's benefit, or similar payment, with respect to services rendered by him or another person, and the whole of such amount would, but for this subsection, be excluded from gross income, then only the excess over \$500 of the aggregate of such amounts shall be excluded from gross income, despite any provisions of this title or of any other law. This subsection shall not require the inclusion of any such amount as gross income unless the gross income, computed without regard to this subsection, is \$500 or more. This subsection shall not apply—

"(1) to amounts excluded from gross income under section 22 (b) (5); except that this subsection shall apply to amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, unless such amounts are also excluded from gross income by a provision of law other than section 22 (b) (5); or

"(2) to amounts excluded from gross income under section 3 of the act entitled 'An act to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay and insurance, and for other purposes,' approved August 12, 1935, as amended (U. S. C., 1940 ed., title 38, sec. 454a); or

"(3) to amounts excluded from gross income under section 3 of the act entitled 'An act to establish in the War Department and in the Navy Department, respectively, a roll, designated as "the Army and Navy medal of honor roll," and for other purposes,' approved April 27, 1916, as amended (U. S. C., 1940 ed., title 38, sec. 393)."

(d) Technical amendment: Section 22 (b) (5) of the Internal Revenue Code (relating to exclusion from gross income of compensation for injuries or sickness) is hereby amended by striking out "and amounts" and inserting in lieu thereof: "and (except as provided in subsection (o) in the case of individuals 65 or over) amounts."

And in lieu thereof to insert:

(b) Technical amendments—

(1) Section 58 (a) (1) of the Internal Revenue Code (relating to requirement of declaration of estimated tax) is hereby amended to read as follows:

"(1) his gross income from wages (as defined in sec. 1621) can reasonably be expected to exceed the sum of \$4,500 plus \$500 with respect to each exemption provided in section 25 (b); or."

(2) Section 1622 (h) (1) of the Internal Revenue Code (relating to withholding exemptions) is hereby amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"(A) An exemption for himself, and an additional exemption for himself if he has attained the age of 65 or will attain such age before the expiration of the taxable year under chapter 1 in respect of which amounts deducted and withheld under this subchapter in the calendar year in which such day falls are allowed as a credit.

"(B) If the employee is married, any exemption to which his spouse is entitled, or would be entitled if she were an employee receiving wages, under subparagraph (A), but only if such spouse does not have in effect a withholding exemption certificate claiming such exemption."

(3) In the case of an individual entitled to an additional withholding exemption under section 1622 (h) (1) of the Internal Revenue Code by reason of the amendment made thereto by paragraph (2) of this subsection, the term "status determination date" as used in section 1622 (h) (3) (B) of such code includes also the nineteenth day after the date of the enactment of this act.

(4) Section 23 (x) of the Internal Revenue Code (relating to deduction of medical, and so forth, expenses) is hereby amended by striking out the second and third sentences thereof and inserting in lieu thereof the following: "The maximum deduction for the taxable year shall be \$1,250, except that if more than one exemption is allowed under section 25 (b) for the taxable year (exclusive of an exemption under section 25 (b) (1) (D)) the maximum deduction for the taxable year shall be \$2,500."

Mr. LUCAS. Mr. President, will the Senator explain subparagraph (3) of the technical amendments, found on page 15, beginning at line 3?

Mr. MILLIKIN. Paragraph (3) would require employers to give effect to additional exemptions, with respect to the first payment of wages made on or after the ninetieth day after the date of enactment of the bill, if a withholding exemption certificate is filed at least 30 days before such ninetieth day. This will allow employees approximately 60 days from the date of the enactment in which to furnish new exemption certificates, and will allow employers a minimum of 30 days to give effect to such certificates.

Mr. LUCAS. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment which has been stated.

The amendment was agreed to.

The next amendment was, on page 15, line 20, before the word "Taxable", to strike out "(e)" and insert "(c)", and in line 21, after the word "applicable", to insert "with respect."

The amendment was agreed to.

The next amendment was, in section 5, on page 17, after line 4, to strike out:

(3) 14 percent of whichever of the following is the lesser:

(A) the amount by which the wages exceed the sum of—

(i) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

(ii) the sum of the amounts shown in the second and third columns in the table in subsection (b) (1); or

(B) the amount shown in the last column in the table in subsection (b) (1);

(4) 15 percent of the amount by which the wages exceed the sum of—

(A) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

(B) the sum of the amounts shown in the second, third, and last columns in the table in subsection (b) (1).

(b) (1) The table referred to in subsection (a) is as follows:

Percentage method withholding table

Pay-roll period	Amount of one withholding exemption	Maximum amount subject to 12 percent rate	Maximum amount subject to 18 percent rate	Maximum amount subject to 14 percent rate
Weekly.....	\$11.00	\$21.00	\$9.00	\$13.00
Biweekly.....	22.00	43.00	17.00	25.00
Semi-monthly.....	23.00	46.00	19.00	28.00
Monthly.....	46.00	93.00	36.00	56.00
Quarterly.....	139.00	278.00	110.00	168.00
Semi-annual.....	278.00	556.00	219.00	336.00
Annual.....	556.00	1,111.00	440.00	671.00
Daily or miscellaneous (per day of such period).....	1.50	3.00	1.00	2.00

And in lieu thereof to insert:

(3) fourteen percent of the amount by which the wages exceed the sum of—

(A) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

(B) the sum of the amounts shown in the second and third columns in the table in subsection (b) (1).

(b) (1) The table referred to in subsection (a) is as follows:

Percentage method withholding table

Pay-roll period	1 Amount of one withholding exemption	2 Maximum amount subject to 12 percent rate	3 Maximum amount subject to 18 percent rate
Weekly.....	\$11.00	\$21.00	\$9.00
Biweekly.....	22.00	43.00	17.00
Semi-monthly.....	23.00	46.00	19.00
Monthly.....	46.00	93.00	36.00
Quarterly.....	139.00	278.00	110.00
Semi-annual.....	278.00	556.00	219.00
Annual.....	556.00	1,111.00	440.00
Daily or miscellaneous (per day of such period).....	1.50	3.00	1.00



The amendment was agreed to.

The next amendment was, at the top of page 20, to strike out:

*If the pay-roll period with respect to an employee is weekly—*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$11	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11	\$12	\$1.40	.10	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$12	\$13	1.50	.20	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$13	\$14	1.60	.30	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$14	\$15	1.70	.40	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$15	\$16	1.80	.50	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$16	\$17	1.90	.60	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$17	\$18	2.00	.70	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$18	\$19	2.10	.80	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$19	\$20	2.20	.90	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$20	\$21	2.30	1.10	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$21	\$22	2.40	1.20	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$22	\$23	2.50	1.30	.00	.00	.00	.00	.00	.00	.00	.00	.00
\$23	\$24	2.60	1.40	.10	.00	.00	.00	.00	.00	.00	.00	.00
\$24	\$25	2.70	1.50	.20	.00	.00	.00	.00	.00	.00	.00	.00
\$25	\$26	2.80	1.60	.30	.00	.00	.00	.00	.00	.00	.00	.00
\$26	\$27	2.90	1.70	.40	.00	.00	.00	.00	.00	.00	.00	.00
\$27	\$28	3.00	1.80	.50	.00	.00	.00	.00	.00	.00	.00	.00
\$28	\$29	3.10	1.90	.60	.00	.00	.00	.00	.00	.00	.00	.00
\$29	\$30	3.20	2.00	.70	.00	.00	.00	.00	.00	.00	.00	.00
\$30	\$31	3.30	2.10	.80	.00	.00	.00	.00	.00	.00	.00	.00
\$31	\$32	3.40	2.20	.90	.00	.00	.00	.00	.00	.00	.00	.00
\$32	\$33	3.50	2.30	1.00	.00	.00	.00	.00	.00	.00	.00	.00
\$33	\$34	3.60	2.40	1.10	.00	.00	.00	.00	.00	.00	.00	.00
\$34	\$35	3.70	2.50	1.20	.00	.00	.00	.00	.00	.00	.00	.00
\$35	\$36	3.80	2.60	1.30	.10	.00	.00	.00	.00	.00	.00	.00
\$36	\$37	3.90	2.70	1.40	.20	.00	.00	.00	.00	.00	.00	.00
\$37	\$38	4.00	2.80	1.50	.30	.00	.00	.00	.00	.00	.00	.00
\$38	\$39	4.10	2.90	1.60	.40	.00	.00	.00	.00	.00	.00	.00
\$39	\$40	4.20	3.00	1.70	.50	.00	.00	.00	.00	.00	.00	.00
\$40	\$41	4.30	3.10	1.80	.60	.00	.00	.00	.00	.00	.00	.00
\$41	\$42	4.40	3.20	1.90	.70	.00	.00	.00	.00	.00	.00	.00
\$42	\$43	4.50	3.30	2.00	.80	.00	.00	.00	.00	.00	.00	.00
\$43	\$44	4.60	3.40	2.10	.90	.00	.00	.00	.00	.00	.00	.00
\$44	\$45	4.70	3.50	2.20	1.00	.00	.00	.00	.00	.00	.00	.00
\$45	\$46	4.80	3.60	2.30	1.10	.00	.00	.00	.00	.00	.00	.00
\$46	\$47	4.90	3.70	2.40	1.20	.00	.00	.00	.00	.00	.00	.00
\$47	\$48	5.00	3.80	2.50	1.30	.00	.00	.00	.00	.00	.00	.00
\$48	\$49	5.10	3.90	2.60	1.40	.10	.00	.00	.00	.00	.00	.00
\$49	\$50	5.20	4.00	2.70	1.50	.20	.00	.00	.00	.00	.00	.00
\$50	\$51	5.30	4.10	2.80	1.60	.30	.00	.00	.00	.00	.00	.00
\$51	\$52	5.40	4.20	2.90	1.70	.40	.00	.00	.00	.00	.00	.00
\$52	\$53	5.50	4.30	3.00	1.80	.50	.00	.00	.00	.00	.00	.00
\$53	\$54	5.60	4.40	3.10	1.90	.60	.00	.00	.00	.00	.00	.00
\$54	\$55	5.70	4.50	3.20	2.00	.70	.00	.00	.00	.00	.00	.00
\$55	\$56	5.80	4.60	3.30	2.10	.80	.00	.00	.00	.00	.00	.00
\$56	\$57	5.90	4.70	3.40	2.20	.90	.00	.00	.00	.00	.00	.00
\$57	\$58	6.00	4.80	3.50	2.30	1.00	.00	.00	.00	.00	.00	.00
\$58	\$59	6.10	4.90	3.60	2.40	1.10	.00	.00	.00	.00	.00	.00
\$59	\$60	6.20	5.00	3.70	2.50	1.20	.00	.00	.00	.00	.00	.00
\$60	\$61	6.30	5.10	3.80	2.60	1.30	.00	.00	.00	.00	.00	.00
\$61	\$62	6.40	5.20	3.90	2.70	1.40	.10	.00	.00	.00	.00	.00
\$62	\$63	6.50	5.30	4.00	2.80	1.50	.20	.00	.00	.00	.00	.00
\$63	\$64	6.60	5.40	4.10	2.90	1.60	.30	.00	.00	.00	.00	.00
\$64	\$65	6.70	5.50	4.20	3.00	1.70	.40	.00	.00	.00	.00	.00
\$65	\$66	6.80	5.60	4.30	3.10	1.80	.50	.00	.00	.00	.00	.00
\$66	\$67	6.90	5.70	4.40	3.20	1.90	.60	.00	.00	.00	.00	.00
\$67	\$68	7.00	5.80	4.50	3.30	2.00	.70	.00	.00	.00	.00	.00
\$68	\$69	7.10	5.90	4.60	3.40	2.10	.80	.00	.00	.00	.00	.00
\$69	\$70	7.20	6.00	4.70	3.50	2.20	.90	.00	.00	.00	.00	.00
\$70	\$71	7.30	6.10	4.80	3.60	2.30	1.00	.00	.00	.00	.00	.00
\$71	\$72	7.40	6.20	4.90	3.70	2.40	1.10	.00	.00	.00	.00	.00
\$72	\$73	7.50	6.30	5.00	3.80	2.50	1.20	.00	.00	.00	.00	.00
\$73	\$74	7.60	6.40	5.10	3.90	2.60	1.30	.00	.00	.00	.00	.00
\$74	\$75	7.70	6.50	5.20	4.00	2.70	1.40	.10	.00	.00	.00	.00
\$75	\$76	7.80	6.60	5.30	4.10	2.80	1.50	.20	.00	.00	.00	.00
\$76	\$77	7.90	6.70	5.40	4.20	2.90	1.60	.30	.00	.00	.00	.00
\$77	\$78	8.00	6.80	5.50	4.30	3.00	1.70	.40	.00	.00	.00	.00
\$78	\$79	8.10	6.90	5.60	4.40	3.10	1.80	.50	.00	.00	.00	.00
\$79	\$80	8.20	7.00	5.70	4.50	3.20	1.90	.60	.00	.00	.00	.00
\$80	\$81	8.30	7.10	5.80	4.60	3.30	2.00	.70	.00	.00	.00	.00
\$81	\$82	8.40	7.20	5.90	4.70	3.40	2.10	.80	.00	.00	.00	.00
\$82	\$83	8.50	7.30	6.00	4.80	3.50	2.20	.90	.00	.00	.00	.00
\$83	\$84	8.60	7.40	6.10	4.90	3.60	2.30	1.00	.00	.00	.00	.00
\$84	\$85	8.70	7.50	6.20	5.00	3.70	2.40	1.10	.00	.00	.00	.00
\$85	\$86	8.80	7.60	6.30	5.10	3.80	2.50	1.20	.00	.00	.00	.00
\$86	\$87	8.90	7.70	6.40	5.20	3.90	2.60	1.30	.10	.00	.00	.00
\$87	\$88	9.00	7.80	6.50	5.30	4.00	2.70	1.40	.20	.00	.00	.00
\$88	\$89	9.10	7.90	6.60	5.40	4.10	2.80	1.50	.30	.00	.00	.00
\$89	\$90	9.20	8.00	6.70	5.50	4.20	2.90	1.60	.40	.00	.00	.00
\$90	\$91	9.30	8.10	6.80	5.60	4.30	3.00	1.70	.50	.00	.00	.00
\$91	\$92	9.40	8.20	6.90	5.70	4.40	3.10	1.80	.60	.00	.00	.00
\$92	\$93	9.50	8.30	7.00	5.80	4.50	3.20	1.90	.70	.00	.00	.00
\$93	\$94	9.60	8.40	7.10	5.90	4.60	3.30	2.00	.80	.00	.00	.00
\$94	\$95	9.70	8.50	7.20	6.00	4.70	3.40	2.10	.90	.00	.00	.00
\$95	\$96	9.80	8.60	7.30	6.10	4.80	3.50	2.20	1.00	.00	.00	.00
\$96	\$97	9.90	8.70	7.40	6.20	4.90	3.60	2.30	1.10	.10	.00	.00
\$97	\$98	10.00	8.80	7.50	6.30	5.00	3.70	2.40	1.20	.20	.00	.00
\$98	\$99	10.10	8.90	7.60	6.40	5.10	3.80	2.50	1.30	.30	.00	.00
\$99	\$100	10.20	9.00	7.70	6.50	5.20	3.90	2.60	1.40	.40	.00	.00
\$100	\$101	10.30	9.10	7.80	6.60	5.30	4.00	2.70	1.50	.50	.00	.00
\$101	\$102	10.40	9.20	7.90	6.70	5.40	4.10	2.80	1.60	.60	.00	.00
\$102	\$103	10.50	9.30	8.00	6.80	5.50	4.20	2.90	1.70	.70	.00	.00
\$103	\$104	10.60	9.40	8.10	6.90	5.60	4.30	3.00	1.80	.80	.00	.00
\$104	\$105	10.70	9.50	8.20	7.00	5.70	4.40	3.10	1.90	.90	.00	.00
\$105	\$106	10.80	9.60	8.30	7.10	5.80	4.50	3.20	2.00	1.00	.00	.00
\$106	\$107	10.90	9.70	8.40	7.20	5.90	4.60	3.30	2.10	1.10	.00	.00
\$107	\$108	11.00	9.80	8.50	7.30	6.00	4.70	3.40	2.20	1.20	.00	

If the pay-roll period with respect to an employee is biweekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$20	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20	\$22	\$2.50	0	0	0	0	0	0	0	0	0	0
\$22	\$24	2.80	.20	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	.40	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	.70	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	.90	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	1.20	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	1.40	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	1.60	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.90	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	2.10	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	2.40	0	0	0	0	0	0	0	0	0
\$42	\$44	5.20	2.60	0	0	0	0	0	0	0	0	0
\$44	\$46	5.50	2.80	.30	0	0	0	0	0	0	0	0
\$46	\$48	5.90	3.10	.50	0	0	0	0	0	0	0	0
\$48	\$50	6.20	3.30	.70	0	0	0	0	0	0	0	0
\$50	\$52	6.60	3.50	1.00	0	0	0	0	0	0	0	0
\$52	\$54	7.00	3.80	1.20	0	0	0	0	0	0	0	0
\$54	\$56	7.30	4.00	1.50	0	0	0	0	0	0	0	0
\$56	\$58	7.70	4.30	1.70	0	0	0	0	0	0	0	0
\$58	\$60	8.00	4.50	1.90	0	0	0	0	0	0	0	0
\$60	\$62	8.30	4.70	2.20	0	0	0	0	0	0	0	0
\$62	\$64	8.60	5.00	2.40	0	0	0	0	0	0	0	0
\$64	\$66	8.90	5.30	2.70	.10	0	0	0	0	0	0	0
\$66	\$68	9.20	5.60	2.90	.30	0	0	0	0	0	0	0
\$68	\$70	9.40	6.00	3.10	.60	0	0	0	0	0	0	0
\$70	\$72	9.70	6.40	3.40	.80	0	0	0	0	0	0	0
\$72	\$74	10.00	6.70	3.60	1.10	0	0	0	0	0	0	0
\$74	\$76	10.30	7.10	3.90	1.30	0	0	0	0	0	0	0
\$76	\$78	10.50	7.40	4.10	1.50	0	0	0	0	0	0	0
\$78	\$80	10.80	7.80	4.30	1.80	0	0	0	0	0	0	0
\$80	\$82	11.10	8.20	4.60	2.00	0	0	0	0	0	0	0
\$82	\$84	11.40	8.40	4.80	2.30	0	0	0	0	0	0	0
\$84	\$86	11.60	8.70	5.10	2.50	0	0	0	0	0	0	0
\$86	\$88	11.90	9.00	5.40	2.70	.20	0	0	0	0	0	0
\$88	\$90	12.20	9.30	5.80	3.00	.40	0	0	0	0	0	0
\$90	\$92	12.50	9.50	6.10	3.20	.70	0	0	0	0	0	0
\$92	\$94	12.80	9.80	6.50	3.50	.90	0	0	0	0	0	0
\$94	\$96	13.10	10.10	6.80	3.70	1.10	0	0	0	0	0	0
\$96	\$98	13.40	10.30	7.20	3.90	1.40	0	0	0	0	0	0
\$98	\$100	13.70	10.60	7.60	4.20	1.60	0	0	0	0	0	0
\$100	\$102	14.00	10.90	7.90	4.40	1.90	0	0	0	0	0	0
\$102	\$104	14.30	11.20	8.20	4.70	2.10	0	0	0	0	0	0
\$104	\$106	14.60	11.40	8.50	4.90	2.30	0	0	0	0	0	0
\$106	\$108	14.90	11.70	8.80	5.10	2.60	0	0	0	0	0	0
\$108	\$110	15.20	12.00	9.10	5.50	2.80	.30	0	0	0	0	0
\$110	\$112	15.50	12.30	9.30	5.90	3.10	.50	0	0	0	0	0
\$112	\$114	15.80	12.60	9.60	6.20	3.30	.70	0	0	0	0	0
\$114	\$116	16.10	12.90	9.90	6.60	3.50	1.00	0	0	0	0	0
\$116	\$118	16.40	13.20	10.20	6.90	3.80	1.20	0	0	0	0	0
\$118	\$120	16.70	13.50	10.40	7.30	4.00	1.50	0	0	0	0	0
\$120	\$122	17.00	14.00	10.80	7.80	4.40	1.80	0	0	0	0	0
\$122	\$124	17.30	14.60	11.40	8.50	4.90	2.30	0	0	0	0	0
\$124	\$126	17.80	15.20	12.00	9.00	5.40	2.80	.20	0	0	0	0
\$126	\$128	18.40	15.80	12.60	9.60	6.20	3.30	.70	0	0	0	0
\$128	\$130	19.00	16.40	13.20	10.10	6.90	3.70	1.20	0	0	0	0
\$130	\$132	19.60	17.00	13.80	10.70	7.60	4.20	1.70	0	0	0	0
\$132	\$134	20.20	17.60	14.40	11.20	8.30	4.70	2.10	0	0	0	0
\$134	\$136	20.80	18.20	15.00	11.80	8.80	5.20	2.60	.10	0	0	0
\$136	\$138	21.40	18.80	15.60	12.40	9.40	5.90	3.10	.50	0	0	0
\$138	\$140	22.00	19.40	16.20	13.00	9.90	6.60	3.60	1.00	0	0	0
\$140	\$142	22.60	20.00	16.80	13.60	10.50	7.40	4.00	1.50	0	0	0
\$142	\$144	23.20	20.60	17.40	14.20	11.00	8.10	4.50	2.00	0	0	0
\$144	\$146	23.80	21.20	18.00	14.80	11.60	8.60	5.00	2.40	0	0	0
\$146	\$148	24.40	21.80	18.60	15.40	12.20	9.20	5.70	2.90	.40	0	0
\$148	\$150	25.00	22.40	19.20	16.00	12.80	9.70	6.40	3.40	.80	0	0
\$150	\$152	25.60	23.00	19.80	16.60	13.40	10.30	7.10	3.90	1.30	0	0
\$152	\$154	26.20	23.60	20.40	17.20	14.00	10.80	7.80	4.40	1.80	0	0
\$154	\$156	27.40	24.20	21.00	17.80	14.60	11.40	8.50	4.80	2.30	0	0
\$156	\$158	28.00	24.80	21.60	18.40	15.20	11.90	9.00	5.40	2.80	.20	0
\$158	\$160	28.60	25.40	22.20	19.00	15.80	12.50	9.60	6.10	3.20	.70	0
\$160	\$162	29.70	26.50	23.20	20.00	16.80	13.60	10.60	7.40	4.10	1.50	0
\$162	\$164	31.20	28.00	24.80	21.50	18.30	15.10	11.90	9.00	5.40	2.70	.20
\$164	\$166	32.70	29.50	26.30	23.00	19.80	16.60	13.40	10.30	7.20	3.90	1.40
\$166	\$168	34.20	31.00	27.80	24.50	21.30	18.10	14.90	11.70	8.80	5.10	2.60
\$168	\$170	35.70	32.50	29.30	26.00	22.80	19.60	16.40	13.20	10.10	6.90	3.70
\$170	\$172	37.20	34.00	30.80	27.50	24.30	21.10	17.90	14.70	11.50	8.60	4.90
\$172	\$174	38.70	35.50	32.30	29.00	25.80	22.60	19.40	16.20	13.00	9.90	6.70
\$174	\$176	40.20	37.00	33.80	30.50	27.30	24.10	20.90	17.70	14.50	11.30	8.40
\$176	\$178	41.70	38.50	35.30	32.00	28.80	25.60	22.40	19.20	16.00	12.80	9.80
\$178	\$180	43.20	40.00	36.80	33.50	30.40	27.10	23.90	20.70	17.50	14.30	11.10
\$180	\$182	45.50	42.30	39.00	35.80	32.60	29.40	26.20	23.00	19.80	16.50	13.30
\$182	\$184	48.50	45.30	42.10	38.80	35.60	32.40	29.00	25.80	22.60	19.30	16.30
\$184	\$186	51.50	48.30	45.10	41.80	38.60	35.40	32.20	29.00	25.80	22.60	19.30
\$186	\$188	54.50	51.30	48.10	44.80	41.60	38.40	35.20	32.00	28.80	25.60	22.40
\$188	\$190	57.50	54.30	51.10	47.80	44.60	41.40	38.20	35.00	31.80	28.60	25.40
\$190	\$192	60.50	57.30	54.10	50.80	47.60	44.40	41.20	38.00	35.60	32.40	28.00
\$192	\$194	63.50	60.30	57.10	53.80	50.60	47.40	44.20	41.00	38.40	35.20	31.60
\$194	\$196	66.50	63.30	60.10	56.80	53.60	50.40	47.20	43.80	40.80	38.00	34.40
\$196	\$198	69.50	66.30	63.10	59.80	56.60	53.40	50.20	46.60	43.60	40.40	37.20
\$198	\$200	72.50	69.30	66.10	62.80	59.60	56.40	53.20	49.60	46.60	43.20	40.00
\$200	\$202	75.50	72.30	69.10	65.80	62.60	59.40	56.20	52.60	49.60	46.20	42.80
\$202	\$204	78.50	75.30	72.10	68.80	65.60	62.40	59.20	55.60	52.60	49.20	45.60
\$204	\$206	81.50	78.30	75.10	71.80	68.60	65.40	62.20	58.60	55.60	52.20	48.40
\$206	\$208	84.50	81.30	78.10	74.80	<						



*If the pay-roll period with respect to an employee is semimonthly—*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$22	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$22	\$24	\$2.80	0	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	.20	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	.50	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	.70	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	.90	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	1.20	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	1.40	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.70	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	1.90	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	2.10	0	0	0	0	0	0	0	0	0
\$42	\$44	5.10	2.40	0	0	0	0	0	0	0	0	0
\$44	\$46	5.40	2.60	0	0	0	0	0	0	0	0	0
\$46	\$48	5.70	2.90	.10	0	0	0	0	0	0	0	0
\$48	\$50	6.00	3.10	.30	0	0	0	0	0	0	0	0
\$50	\$52	6.40	3.30	.60	0	0	0	0	0	0	0	0
\$52	\$54	6.70	3.60	.80	0	0	0	0	0	0	0	0
\$54	\$56	7.10	3.80	1.00	0	0	0	0	0	0	0	0
\$56	\$58	7.50	4.10	1.30	0	0	0	0	0	0	0	0
\$58	\$60	7.80	4.30	1.50	0	0	0	0	0	0	0	0
\$60	\$62	8.20	4.50	1.80	0	0	0	0	0	0	0	0
\$62	\$64	8.50	4.80	2.00	0	0	0	0	0	0	0	0
\$64	\$66	8.90	5.00	2.20	0	0	0	0	0	0	0	0
\$66	\$68	9.20	5.20	2.50	0	0	0	0	0	0	0	0
\$68	\$70	9.40	5.50	2.70	0	0	0	0	0	0	0	0
\$70	\$72	9.70	5.80	3.00	.20	0	0	0	0	0	0	0
\$72	\$74	10.00	6.20	3.20	.40	0	0	0	0	0	0	0
\$74	\$76	10.30	6.50	3.40	.70	0	0	0	0	0	0	0
\$76	\$78	10.50	6.90	3.70	.90	0	0	0	0	0	0	0
\$78	\$80	10.80	7.30	3.90	1.10	0	0	0	0	0	0	0
\$80	\$82	11.10	7.60	4.20	1.40	0	0	0	0	0	0	0
\$82	\$84	11.40	8.00	4.40	1.60	0	0	0	0	0	0	0
\$84	\$86	11.60	8.30	4.60	1.90	0	0	0	0	0	0	0
\$86	\$88	11.90	8.70	4.90	2.10	0	0	0	0	0	0	0
\$88	\$90	12.20	9.00	5.10	2.30	0	0	0	0	0	0	0
\$90	\$92	12.40	9.30	5.40	2.60	0	0	0	0	0	0	0
\$92	\$94	12.70	9.60	5.60	2.80	0	0	0	0	0	0	0
\$94	\$96	13.00	9.80	6.00	3.10	.30	0	0	0	0	0	0
\$96	\$98	13.30	10.10	6.30	3.30	.50	0	0	0	0	0	0
\$98	\$100	13.60	10.40	6.70	3.50	.80	0	0	0	0	0	0
\$100	\$102	13.90	10.70	7.10	3.80	1.00	0	0	0	0	0	0
\$102	\$104	14.20	10.90	7.40	4.00	1.20	0	0	0	0	0	0
\$104	\$106	14.50	11.20	7.80	4.30	1.50	0	0	0	0	0	0
\$106	\$108	14.80	11.50	8.10	4.50	1.70	0	0	0	0	0	0
\$108	\$110	15.10	11.70	8.50	4.70	2.00	0	0	0	0	0	0
\$110	\$112	15.40	12.00	8.90	5.00	2.20	0	0	0	0	0	0
\$112	\$114	15.70	12.30	9.10	5.20	2.40	0	0	0	0	0	0
\$114	\$116	16.00	12.60	9.40	5.50	2.70	0	0	0	0	0	0
\$116	\$118	16.30	12.90	9.70	5.80	2.90	.20	0	0	0	0	0
\$118	\$120	16.60	13.20	9.90	6.10	3.20	.40	0	0	0	0	0
\$120	\$122	17.10	13.60	10.40	6.70	3.50	.70	0	0	0	0	0
\$122	\$124	17.70	14.20	10.90	7.40	4.00	1.20	0	0	0	0	0
\$124	\$126	18.30	14.80	11.50	8.10	4.50	1.70	0	0	0	0	0
\$126	\$128	18.90	15.40	12.00	8.80	5.00	2.20	0	0	0	0	0
\$128	\$130	19.50	16.00	12.50	9.40	5.40	2.70	0	0	0	0	0
\$130	\$132	20.10	16.60	13.10	9.90	6.10	3.10	.40	0	0	0	0
\$132	\$134	20.70	17.20	13.70	10.50	6.80	3.60	.90	0	0	0	0
\$134	\$136	21.30	17.80	14.30	11.00	7.50	4.10	1.30	0	0	0	0
\$136	\$138	21.90	18.40	14.90	11.60	8.30	4.60	1.80	0	0	0	0
\$138	\$140	22.50	19.00	15.50	12.10	8.90	5.10	2.30	0	0	0	0
\$140	\$142	23.10	19.60	16.10	12.70	9.50	5.50	2.80	0	0	0	0
\$142	\$144	23.70	20.20	16.70	13.30	10.00	6.30	3.20	.50	0	0	0
\$144	\$146	24.30	20.80	17.30	13.90	10.60	7.00	3.70	1.00	0	0	0
\$146	\$148	24.90	21.40	17.90	14.50	11.10	7.70	4.20	1.40	0	0	0
\$148	\$150	25.50	22.00	18.50	15.10	11.70	8.40	4.70	1.90	0	0	0
\$150	\$152	26.10	22.60	19.20	15.70	12.20	9.10	5.20	2.40	0	0	0
\$152	\$154	26.70	23.20	19.80	16.30	12.80	9.60	5.70	2.90	.10	0	0
\$154	\$156	27.30	23.80	20.40	16.90	13.40	10.20	6.40	3.30	.60	0	0
\$156	\$158	27.90	24.40	21.00	17.50	14.00	10.70	7.10	3.80	1.10	0	0
\$158	\$160	28.50	25.00	21.60	18.10	14.60	11.30	7.80	4.30	1.50	0	0
\$160	\$162	29.10	25.60	22.20	18.70	15.20	11.80	8.50	4.80	2.00	0	0
\$162	\$164	29.60	26.10	22.60	19.10	15.60	12.20	9.00	5.10	2.40	0	0
\$164	\$166	31.10	27.60	24.10	20.60	17.20	13.70	10.40	6.70	3.60	.80	0
\$166	\$168	32.60	29.10	25.60	22.10	18.70	15.20	11.80	8.50	4.80	2.00	0
\$168	\$170	34.10	30.60	27.10	23.60	20.20	16.70	13.20	10.00	6.20	3.20	0
\$170	\$172	35.60	32.10	28.60	25.10	21.70	18.20	14.70	11.30	8.00	4.40	1.60
\$172	\$174	37.10	33.60	30.10	26.70	23.20	19.70	16.20	12.70	9.60	5.60	2.80
\$174	\$176	38.60	35.10	31.60	28.20	24.70	21.20	17.70	14.20	10.90	7.40	4.00
\$176	\$178	40.10	36.60	33.10	29.70	26.20	22.70	19.20	15.70	12.30	9.10	5.20
\$178	\$180	41.60	38.10	34.60	31.20	27.70	24.20	20.70	17.20	13.70	10.50	6.80
\$180	\$182	43.10	39.60	36.20	32.70	29.20	25.70	22.20	18.70	15.30	11.90	8.60
\$182	\$184	44.60	41.90	38.40	34.90	31.40	28.00	24.50	21.00	17.50	14.00	10.70
\$184	\$186	46.40	44.90	41.40	37.90	34.50	31.00	27.50	24.00	20.50	17.00	13.60
\$186	\$188	51.40	47.90	44.40	40.90	37.50	34.00	30.50	27.00	23.50	20.00	16.60
\$188	\$190	54.40	60.90	47.40	44.00	40.50	37.00	33.50	30.00	26.50	23.10	19.60
\$190	\$192	57.40	63.90	50.40	47.00	43.50	40.00	36.50	33.00	29.50	26.10	22.60
\$192	\$194	60.40	66.90	53.50	50.00	46.50	43.00	39.50	36.00	32.60	29.10	25.60
\$194	\$196	63.40	69.00	56.50	53.00	49.50	46.00	42.50	39.10	35.60	32.10	28.60
\$196	\$198	66.40	72.00	59.50	56.00	52.50	49.00	45.50	42.10	38.60	35.10	31.60
\$198	\$200	69.50	75.00	62.50	59.00	55.50	52.00	48.60	45.10	41.60	38.10	34.60
\$200	\$202	72.50	78.00	65.50	62.00	58.50	55.00	51.60	48.10	44.60	41.10	37.60
15 percent of the excess over \$500 plus												
\$500 and over		74.00	70.50	67.00	63.50	60.00	56.60	53.10	49.60	46.10	42.60	39.10

If the pay-roll period with respect to an employee is monthly—

And the wages are--		And the number of withholding exemptions claimed is--										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be--												
\$0.....	\$44.....	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$44.....	\$48.....	\$5.50	0	0	0	0	0	0	0	0	0	0
\$48.....	\$52.....	6.00	.40	0	0	0	0	0	0	0	0	0
\$52.....	\$56.....	6.50	.90	0	0	0	0	0	0	0	0	0
\$56.....	\$60.....	6.90	1.40	0	0	0	0	0	0	0	0	0
\$60.....	\$64.....	7.40	1.90	0	0	0	0	0	0	0	0	0
\$64.....	\$68.....	7.90	2.40	0	0	0	0	0	0	0	0	0
\$68.....	\$72.....	8.40	2.80	0	0	0	0	0	0	0	0	0
\$72.....	\$76.....	8.90	3.30	0	0	0	0	0	0	0	0	0
\$76.....	\$80.....	9.30	3.80	0	0	0	0	0	0	0	0	0
\$80.....	\$84.....	9.80	4.30	0	0	0	0	0	0	0	0	0
\$84.....	\$88.....	10.30	4.80	0	0	0	0	0	0	0	0	0
\$88.....	\$92.....	10.80	5.20	0	0	0	0	0	0	0	0	0
\$92.....	\$96.....	11.30	5.70	.20	0	0	0	0	0	0	0	0
\$96.....	\$100.....	12.10	6.20	.60	0	0	0	0	0	0	0	0
\$100.....	\$104.....	12.80	6.70	1.10	0	0	0	0	0	0	0	0
\$104.....	\$108.....	13.50	7.10	1.60	0	0	0	0	0	0	0	0
\$108.....	\$112.....	14.20	7.60	2.10	0	0	0	0	0	0	0	0
\$112.....	\$116.....	14.90	8.10	2.60	0	0	0	0	0	0	0	0
\$116.....	\$120.....	15.70	8.60	3.00	0	0	0	0	0	0	0	0
\$120.....	\$124.....	16.40	9.10	3.50	0	0	0	0	0	0	0	0
\$124.....	\$128.....	17.10	9.50	4.00	0	0	0	0	0	0	0	0
\$128.....	\$132.....	17.80	10.00	4.50	0	0	0	0	0	0	0	0
\$132.....	\$136.....	18.30	10.50	5.00	0	0	0	0	0	0	0	0
\$136.....	\$140.....	18.90	11.00	5.40	0	0	0	0	0	0	0	0
\$140.....	\$144.....	19.40	11.60	5.90	.40	0	0	0	0	0	0	0
\$144.....	\$148.....	20.00	12.40	6.40	.90	0	0	0	0	0	0	0
\$148.....	\$152.....	20.50	13.10	6.90	1.30	0	0	0	0	0	0	0
\$152.....	\$156.....	21.10	13.80	7.40	1.80	0	0	0	0	0	0	0
\$156.....	\$160.....	21.60	14.50	7.80	2.30	0	0	0	0	0	0	0
\$160.....	\$164.....	22.20	15.20	8.30	2.80	0	0	0	0	0	0	0
\$164.....	\$168.....	22.70	16.00	8.80	3.20	0	0	0	0	0	0	0
\$168.....	\$172.....	23.30	16.70	9.30	3.70	0	0	0	0	0	0	0
\$172.....	\$176.....	23.80	17.40	9.70	4.20	0	0	0	0	0	0	0
\$176.....	\$180.....	24.40	18.00	10.20	4.70	0	0	0	0	0	0	0
\$180.....	\$184.....	24.90	18.60	10.70	5.20	0	0	0	0	0	0	0
\$184.....	\$188.....	25.50	19.10	11.20	5.60	.10	0	0	0	0	0	0
\$188.....	\$192.....	26.10	19.70	12.00	6.10	.60	0	0	0	0	0	0
\$192.....	\$196.....	26.70	20.20	12.70	6.60	1.10	0	0	0	0	0	0
\$196.....	\$200.....	27.30	20.80	13.40	7.10	1.50	0	0	0	0	0	0
\$200.....	\$204.....	27.90	21.30	14.10	7.60	2.00	0	0	0	0	0	0
\$204.....	\$208.....	28.50	21.80	14.80	8.00	2.50	0	0	0	0	0	0
\$208.....	\$212.....	29.10	22.40	15.60	8.50	3.00	0	0	0	0	0	0
\$212.....	\$216.....	29.70	22.90	16.30	9.00	3.40	0	0	0	0	0	0
\$216.....	\$220.....	30.30	23.50	17.00	9.50	3.90	0	0	0	0	0	0
\$220.....	\$224.....	30.90	24.00	17.70	9.90	4.40	0	0	0	0	0	0
\$224.....	\$228.....	31.50	24.60	18.30	10.40	4.90	0	0	0	0	0	0
\$228.....	\$232.....	32.10	25.10	18.80	10.90	5.40	0	0	0	0	0	0
\$232.....	\$236.....	32.70	25.70	19.30	11.50	5.80	.20	0	0	0	0	0
\$236.....	\$240.....	33.30	26.30	19.90	12.30	6.30	.80	0	0	0	0	0
\$240.....	\$244.....	34.20	27.20	20.70	13.30	7.00	1.50	0	0	0	0	0
\$244.....	\$248.....	35.40	28.40	21.80	14.80	8.00	2.50	0	0	0	0	0
\$248.....	\$252.....	36.60	29.60	22.90	16.20	9.00	3.40	0	0	0	0	0
\$252.....	\$256.....	37.80	30.80	24.00	17.70	9.90	4.40	0	0	0	0	0
\$256.....	\$260.....	39.00	32.00	25.10	18.80	10.90	5.30	0	0	0	0	0
\$260.....	\$264.....	40.20	33.20	26.30	19.90	12.20	6.30	.70	0	0	0	0
\$264.....	\$268.....	41.40	34.40	27.50	20.90	13.60	7.20	1.70	0	0	0	0
\$268.....	\$272.....	42.60	35.60	28.70	22.00	15.10	8.20	2.70	0	0	0	0
\$272.....	\$276.....	43.80	36.80	29.90	23.10	16.50	9.20	3.60	0	0	0	0
\$276.....	\$280.....	45.00	38.00	31.10	24.20	17.90	10.10	4.60	0	0	0	0
\$280.....	\$284.....	46.20	39.30	32.30	25.30	19.00	11.10	5.50	0	0	0	0
\$284.....	\$288.....	47.40	40.60	33.50	26.50	20.10	12.50	6.50	.90	0	0	0
\$288.....	\$292.....	48.60	41.70	34.70	27.70	21.20	14.00	7.40	1.90	0	0	0
\$292.....	\$296.....	49.80	42.90	35.90	28.90	22.30	15.40	8.40	2.90	0	0	0
\$296.....	\$300.....	51.00	44.10	37.10	30.10	23.40	16.80	9.40	3.80	0	0	0
\$300.....	\$304.....	52.20	45.30	38.30	31.30	24.50	18.10	10.30	4.80	0	0	0
\$304.....	\$308.....	53.40	46.50	39.50	32.50	25.60	19.20	11.40	5.70	.20	0	0
\$308.....	\$312.....	54.60	47.70	40.70	33.70	26.80	20.30	12.80	6.70	1.20	0	0
\$312.....	\$316.....	55.90	48.90	41.90	35.00	28.00	21.40	14.30	7.70	2.10	0	0
\$316.....	\$320.....	57.10	50.10	43.10	36.20	29.20	22.50	15.70	8.60	3.10	0	0
\$320.....	\$324.....	58.20	51.20	44.30	37.30	30.30	23.60	17.10	9.50	4.10	0	0
\$324.....	\$328.....	59.20	52.20	45.30	38.30	31.30	24.40	18.10	10.30	4.70	0	0
\$328.....	\$332.....	60.20	53.20	46.30	39.30	32.30	25.30	19.00	11.10	5.50	0	0
\$332.....	\$336.....	61.20	54.20	47.30	40.30	33.40	26.40	20.00	12.40	6.40	.80	0
\$336.....	\$340.....	62.20	55.20	48.30	41.30	34.30	27.30	21.00	13.50	7.10	1.60	0
\$340.....	\$344.....	63.20	56.20	49.30	42.30	35.30	28.30	22.00	14.60	8.00	2.40	0
\$344.....	\$348.....	64.20	57.20	50.30	43.30	36.30	29.30	23.00	15.70	8.90	3.20	0
\$348.....	\$352.....	65.20	58.20	51.30	44.30	37.30	30.30	24.00	16.80	9.80	4.00	0
\$352.....	\$356.....	66.20	59.20	52.30	45.30	38.30	31.30	25.00	17.90	10.70	4.80	0
\$356.....	\$360.....	67.20	60.20	53.30	46.30	39.30	32.30	26.00	19.00	11.60	5.60	0
\$360.....	\$364.....	68.20	61.20	54.30	47.30	40.30	33.40	27.00	20.00	12.50	6.40	.80
\$364.....	\$368.....	69.20	62.20	55.30	48.30	41.30	34.30	28.00	21.00	13.50	7.10	1.60
\$368.....	\$372.....	70.20	63.20	56.30	49.30	42.30	35.30	29.00	22.00	14.60	8.00	2.40
\$372.....	\$376.....	71.20	64.20	57.30	50.30	43.30	36.30	30.00	23.00	15.70	8.90	3.20
\$376.....	\$380.....	72.20	65.20	58.30	51.30	44.30	37.30	31.00	24.00	16.80	9.80	4.00
\$380.....	\$384.....	73.20	66.20	59.30	52.30	45.30	38.30	32.00	25.00	17.90	10.70	4.80
\$384.....	\$388.....	74.20	67.20	60.30	53.30	46.30	39.30	33.00	26.00	19.00	11.60	5.60
\$388.....	\$392.....	75.20	68.20	61.30	54.30	47.30	40.30	34.00	27.00	20.00	12.50	6.40
\$392.....	\$396.....	76.20	69.20	62.30	55.30	48.30	41.30	35.00	28.00	21.00	13.50	7.10
\$396.....	\$400.....	77.20	70.20	63.30	56.30	49.30	42.30	36.00	29.00	22.00	14.60	8.00
\$400.....	\$404.....	78.20	71.20	64.30	57.30	50.30	43.30	37.00	30.00	23.00	15.70	8.90
\$404.....	\$408.....	79.20	72.20	65.30	58.30	51.30	44.30	38.00	31.00	24.00	16.80	9.



If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—

And the wages divided by the number of days in such period are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period												
\$0.	\$1.50.	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1.50.	\$1.75.	\$0.20	0	0	0	0	0	0	0	0	0	0
\$1.75.	\$2.00.	.20	.05	0	0	0	0	0	0	0	0	0
\$2.00.	\$2.25.	.25	.05	0	0	0	0	0	0	0	0	0
\$2.25.	\$2.50.	.30	.10	0	0	0	0	0	0	0	0	0
\$2.50.	\$2.75.	.30	.15	0	0	0	0	0	0	0	0	0
\$2.75.	\$3.00.	.35	.15	0	0	0	0	0	0	0	0	0
\$3.00.	\$3.25.	.40	.20	0	0	0	0	0	0	0	0	0
\$3.25.	\$3.50.	.40	.20	.05	0	0	0	0	0	0	0	0
\$3.50.	\$3.75.	.45	.25	.05	0	0	0	0	0	0	0	0
\$3.75.	\$4.00.	.50	.30	.10	0	0	0	0	0	0	0	0
\$4.00.	\$4.25.	.55	.30	.15	0	0	0	0	0	0	0	0
\$4.25.	\$4.50.	.60	.35	.15	0	0	0	0	0	0	0	0
\$4.50.	\$4.75.	.65	.35	.20	0	0	0	0	0	0	0	0
\$4.75.	\$5.00.	.65	.40	.20	.05	0	0	0	0	0	0	0
\$5.00.	\$5.25.	.70	.45	.25	.05	0	0	0	0	0	0	0
\$5.25.	\$5.50.	.75	.50	.30	.10	0	0	0	0	0	0	0
\$5.50.	\$5.75.	.75	.55	.30	.15	0	0	0	0	0	0	0
\$5.75.	\$6.00.	.80	.60	.35	.15	0	0	0	0	0	0	0
\$6.00.	\$6.25.	.85	.65	.35	.20	0	0	0	0	0	0	0
\$6.25.	\$6.50.	.90	.65	.40	.20	.05	0	0	0	0	0	0
\$6.50.	\$6.75.	.90	.70	.45	.25	.05	0	0	0	0	0	0
\$6.75.	\$7.00.	.95	.75	.50	.30	.10	0	0	0	0	0	0
\$7.00.	\$7.25.	1.00	.75	.55	.30	.10	0	0	0	0	0	0
\$7.25.	\$7.50.	1.05	.80	.60	.35	.15	0	0	0	0	0	0
\$7.50.	\$7.75.	1.05	.85	.65	.35	.20	0	0	0	0	0	0
\$7.75.	\$8.00.	1.10	.85	.65	.40	.20	.05	0	0	0	0	0
\$8.00.	\$8.25.	1.15	.90	.70	.45	.25	.05	0	0	0	0	0
\$8.25.	\$8.50.	1.20	.95	.75	.50	.25	.10	0	0	0	0	0
\$8.50.	\$8.75.	1.20	1.00	.75	.55	.30	.10	0	0	0	0	0
\$8.75.	\$9.00.	1.25	1.00	.80	.60	.35	.15	0	0	0	0	0
\$9.00.	\$9.25.	1.35	1.05	.85	.60	.35	.20	0	0	0	0	0
\$9.25.	\$9.50.	1.35	1.10	.85	.65	.40	.20	.65	0	0	0	0
\$9.50.	\$9.75.	1.35	1.15	.90	.70	.45	.25	.65	0	0	0	0
\$9.75.	\$10.00.	1.40	1.15	.95	.75	.50	.25	.10	0	0	0	0
\$10.00.	\$10.50.	1.45	1.25	1.00	.80	.55	.30	.15	0	0	0	0
\$10.50.	\$11.00.	1.55	1.30	1.10	.85	.65	.40	.20	0	0	0	0
\$11.00.	\$11.50.	1.60	1.40	1.15	.90	.70	.45	.25	.05	0	0	0
\$11.50.	\$12.00.	1.70	1.45	1.25	1.00	.75	.55	.30	.15	0	0	0
\$12.00.	\$12.50.	1.75	1.55	1.30	1.05	.85	.65	.40	.20	0	0	0
\$12.50.	\$13.00.	1.85	1.60	1.40	1.15	.90	.70	.45	.25	.05	0	0
\$13.00.	\$13.50.	1.90	1.70	1.45	1.20	1.00	.75	.55	.30	.15	0	0
\$13.50.	\$14.00.	2.00	1.75	1.55	1.30	1.05	.85	.65	.35	.20	0	0
\$14.00.	\$14.50.	2.05	1.85	1.60	1.35	1.15	.90	.70	.45	.25	.05	0
\$14.50.	\$15.00.	2.15	1.90	1.70	1.45	1.20	1.00	.75	.55	.30	.15	0
\$15.00.	\$15.50.	2.20	2.00	1.75	1.50	1.30	1.05	.85	.65	.35	.20	0
\$15.50.	\$16.00.	2.20	2.05	1.85	1.60	1.35	1.15	.90	.70	.45	.25	.05
\$16.00.	\$16.50.	2.35	2.15	1.90	1.65	1.45	1.20	1.00	.75	.55	.30	.10
\$16.50.	\$17.00.	2.45	2.20	2.00	1.75	1.50	1.30	1.05	.85	.65	.35	.20
\$17.00.	\$17.50.	2.50	2.30	2.05	1.80	1.60	1.35	1.15	.90	.70	.45	.25
\$17.50.	\$18.00.	2.60	2.35	2.15	1.90	1.65	1.45	1.20	1.00	.75	.55	.30
\$18.00.	\$18.50.	2.65	2.45	2.20	2.00	1.75	1.50	1.30	1.05	.85	.60	.35
\$18.50.	\$19.00.	2.75	2.50	2.30	2.05	1.80	1.60	1.35	1.15	.90	.70	.45
\$19.00.	\$19.50.	2.80	2.60	2.35	2.15	1.90	1.65	1.45	1.20	1.00	.75	.55
\$19.50.	\$20.00.	2.90	2.65	2.45	2.20	1.95	1.75	1.50	1.30	1.05	.85	.60
\$20.00.	\$21.00.	3.00	2.75	2.55	2.30	2.10	1.85	1.65	1.40	1.15	.95	.70
\$21.00.	\$22.00.	3.15	2.90	2.70	2.45	2.25	2.00	1.80	1.55	1.30	1.10	.85
\$22.00.	\$23.00.	3.30	3.05	2.85	2.60	2.40	2.15	1.95	1.70	1.45	1.25	1.00
\$23.00.	\$24.00.	3.45	3.20	3.00	2.75	2.55	2.30	2.10	1.85	1.60	1.40	1.15
\$24.00.	\$25.00.	3.60	3.35	3.15	2.90	2.70	2.45	2.25	2.00	1.75	1.55	1.30
\$25.00.	\$26.00.	3.75	3.50	3.30	3.05	2.85	2.60	2.40	2.15	1.90	1.70	1.45
\$26.00.	\$27.00.	3.90	3.70	3.45	3.20	3.00	2.75	2.55	2.30	2.05	1.85	1.60
\$27.00.	\$28.00.	4.05	3.85	3.60	3.35	3.15	2.90	2.70	2.45	2.20	2.00	1.75
\$28.00.	\$29.00.	4.20	4.00	3.75	3.50	3.30	3.05	2.85	2.60	2.35	2.15	1.90
\$29.00.	\$30.00.	4.35	4.15	3.90	3.65	3.45	3.20	3.00	2.75	2.50	2.30	2.05
15 percent of the excess over \$30 plus												
\$30.00 and over		4.45	4.20	3.95	3.75	3.50	3.30	3.05	2.85	2.60	2.35	2.15

And in lieu thereof to insert the following:

*If the pay-roll period with respect to an employee is weekly—*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0.	\$11	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11	\$12	\$1.40	.10	0	0	0	0	0	0	0	0	0
\$12	\$13	1.50	.20	0	0	0	0	0	0	0	0	0
\$13	\$14	1.60	.30	0	0	0	0	0	0	0	0	0
\$14	\$15	1.70	.50	0	0	0	0	0	0	0	0	0
\$15	\$16	1.90	.60	0	0	0	0	0	0	0	0	0
\$16	\$17	2.00	.70	0	0	0	0	0	0	0	0	0
\$17	\$18	2.10	.80	0	0	0	0	0	0	0	0	0
\$18	\$19	2.20	.90	0	0	0	0	0	0	0	0	0
\$19	\$20	2.30	1.10	0	0	0	0	0	0	0	0	0
\$20	\$21	2.50	1.20	0	0	0	0	0	0	0	0	0
\$21	\$22	2.60	1.30	0	0	0	0	0	0	0	0	0
\$22	\$23	2.80	1.40	.10	0	0	0	0	0	0	0	0
\$23	\$24	2.90	1.50	.30	0	0	0	0	0	0	0	0
\$24	\$25	3.10	1.70	.40	0	0	0	0	0	0	0	0
\$25	\$26	3.30	1.80	.50	0	0	0	0	0	0	0	0
\$26	\$27	3.50	1.90	.60	0	0	0	0	0	0	0	0
\$27	\$28	3.70	2.00	.70	0	0	0	0	0	0	0	0
\$28	\$29	3.90	2.10	.80	0	0	0	0	0	0	0	0
\$29	\$30	4.00	2.30	1.00	0	0	0	0	0	0	0	0
\$30	\$31	4.20	2.40	1.10	0	0	0	0	0	0	0	0
\$31	\$32	4.30	2.50	1.20	0	0	0	0	0	0	0	0
\$32	\$33	4.40	2.60	1.30	.10	0	0	0	0	0	0	0
\$33	\$34	4.60	2.80	1.50	.20	0	0	0	0	0	0	0
\$34	\$35	4.70	3.00	1.60	.30	0	0	0	0	0	0	0
\$35	\$36	4.90	3.20	1.70	.40	0	0	0	0	0	0	0
\$36	\$37	5.00	3.40	1.80	.50	0	0	0	0	0	0	0
\$37	\$38	5.10	3.50	1.90	.70	0	0	0	0	0	0	0
\$38	\$39	5.30	3.70	2.10	.80	0	0	0	0	0	0	0
\$39	\$40	5.40	3.90	2.20	.90	0	0	0	0	0	0	0
\$40	\$41	5.50	4.10	2.30	1.00	0	0	0	0	0	0	0
\$41	\$42	5.70	4.20	2.40	1.10	0	0	0	0	0	0	0
\$42	\$43	5.80	4.40	2.50	1.30	0	0	0	0	0	0	0
\$43	\$44	6.00	4.50	2.70	1.40	.10	0	0	0	0	0	0
\$44	\$45	6.10	4.60	2.90	1.50	.20	0	0	0	0	0	0
\$45	\$46	6.20	4.80	3.10	1.60	.30	0	0	0	0	0	0
\$46	\$47	6.40	4.90	3.20	1.70	.50	0	0	0	0	0	0
\$47	\$48	6.50	5.00	3.40	1.80	.60	0	0	0	0	0	0
\$48	\$49	6.60	5.20	3.60	2.00	.70	0	0	0	0	0	0
\$49	\$50	6.80	5.30	3.80	2.10	.80	0	0	0	0	0	0
\$50	\$51	6.90	5.40	4.00	2.20	.90	0	0	0	0	0	0
\$51	\$52	7.00	5.60	4.10	2.30	1.00	0	0	0	0	0	0
\$52	\$53	7.20	5.70	4.30	2.40	1.20	0	0	0	0	0	0
\$53	\$54	7.30	5.90	4.40	2.60	1.30	0	0	0	0	0	0
\$54	\$55	7.50	6.00	4.50	2.80	1.40	.10	0	0	0	0	0
\$55	\$56	7.60	6.10	4.70	2.90	1.50	.20	0	0	0	0	0
\$56	\$57	7.70	6.30	4.80	3.10	1.60	.40	0	0	0	0	0
\$57	\$58	7.90	6.40	4.90	3.30	1.80	.50	0	0	0	0	0
\$58	\$59	8.00	6.50	5.10	3.50	1.90	.60	0	0	0	0	0
\$59	\$60	8.10	6.70	5.20	3.70	2.00	.70	0	0	0	0	0
\$60	\$61	8.30	6.90	5.40	3.90	2.20	.90	0	0	0	0	0
\$61	\$62	8.60	7.20	5.70	4.20	2.70	1.10	0	0	0	0	0
\$62	\$63	8.90	7.40	6.00	4.50	3.10	1.40	.10	0	0	0	0
\$63	\$64	9.20	7.70	6.20	4.80	3.40	1.60	.30	0	0	0	0
\$64	\$65	9.40	8.00	6.50	5.10	3.70	1.90	.60	0	0	0	0
\$65	\$66	9.70	8.30	6.80	5.30	3.80	2.10	.80	0	0	0	0
\$66	\$67	10.00	8.60	7.10	5.60	4.10	2.30	1.10	0	0	0	0
\$67	\$68	10.30	8.90	7.30	5.90	4.40	2.60	1.30	0	0	0	0
\$68	\$69	10.60	9.10	7.60	6.10	4.70	3.00	1.50	.20	0	0	0
\$69	\$70	10.90	9.30	7.90	6.40	5.00	3.30	1.80	.50	0	0	0
\$70	\$71	11.10	9.60	8.20	6.70	5.20	3.70	2.00	.70	0	0	0
\$71	\$72	11.40	9.90	8.40	7.00	5.50	4.00	2.30	1.00	0	0	0
\$72	\$73	11.60	10.20	8.70	7.20	5.80	4.30	2.50	1.20	0	0	0
\$73	\$74	11.90	10.40	9.00	7.50	6.10	4.60	2.80	1.50	.20	0	0
\$74	\$75	12.20	10.70	9.30	7.80	6.30	4.90	3.20	1.70	.40	0	0
\$75	\$76	12.50	11.00	9.50	8.10	6.60	5.10	3.60	1.90	.70	0	0
\$76	\$77	12.70	11.30	9.80	8.30	6.90	5.40	3.90	2.20	.90	0	0
\$77	\$78	13.00	11.50	10.10	8.60	7.10	5.70	4.20	2.40	1.10	0	0
\$78	\$79	13.30	11.80	10.30	8.90	7.40	6.00	4.50	2.70	1.40	.10	0
\$79	\$80	13.50	12.10	10.60	9.20	7.70	6.20	4.80	3.10	1.60	.30	0
\$80	\$81	13.80	12.40	10.90	9.50	8.00	6.50	5.10	3.40	1.90	.60	0
\$81	\$82	14.00	12.60	11.10	9.60	8.20	6.70	5.30	3.70	2.00	.80	0
\$82	\$83	14.30	12.90	11.40	9.90	8.50	7.00	5.60	4.00	2.30	1.10	.10
\$83	\$84	14.60	13.20	11.70	10.10	8.80	7.30	5.90	4.30	2.50	1.20	.20
\$84	\$85	14.90	13.50	12.00	10.30	9.10	7.60	6.20	4.60	2.80	1.50	.30
\$85	\$86	15.10	13.70	12.20	10.50	9.30	7.80	6.40	4.80	3.00	1.70	.40
\$86	\$87	15.40	14.00	12.50	10.80	9.60	8.10	6.70	5.10	3.30	2.00	.50
\$87	\$88	15.70	14.30	12.80	11.10	9.90	8.40	7.00	5.40	3.60	2.30	.60
\$88	\$89	16.00	14.60	13.10	11.40	10.20	8.70	7.30	5.70	3.90	2.60	.70
\$89	\$90	16.30	14.90	13.40	11.70	10.50	9.00	7.60	6.00	4.20	2.90	.80
\$90	\$91	16.60	15.20	13.70	12.00	10.80	9.30	7.90	6.30	4.50	3.20	.90
\$91	\$92	16.90	15.50	14.00	12.30	11.10	9.60	8.20	6.60	4.80	3.50	1.00
\$92	\$93	17.20	15.80	14.30	12.60	11.40	9.90	8.50	6.90	5.10	3.80	1.10
\$93	\$94	17.50	16.10	14.60	12.90	11.70	10.20	8.80	7.20	5.40	4.10	1.20
\$94	\$95	17.80	16.40	14.90	13.20	12.00	10.50	9.10	7.50	5.70	4.40	1.30
\$95	\$96	18.10	16.70	15.20	13.50	12.30	10.80	9.40	7.80	6.00	4.70	1.40
\$96	\$97	18.40	17.00	15.50	13.80	12.60	11.10	9.70	8.10	6.30	5.00	1.50
\$97	\$98	18.70	17.30	15.80	14.10	12.90	11.40	10.00	8.40	6.60	5.30	1.60
\$98	\$99	19.00	17.60	16.10	14.40	13.20	11.70	10.30	8.70	6.90	5.60	1.70
\$99	\$100	19.30	17.90	16.40	14.70	13.50	12.00	11.00	9.00	7.20	5.90	1.80
\$100	\$101	19.60	18.20	16.70	15.00	13.80	12.30	11.30	9.30	7.50	6.20	1.90
\$101	\$102	19.90	18.50	17.00	15.30	14.10	12.60	11.60	9.60	7.80	6.50	2.00
\$102	\$103	20.20	18.80	17.30	15.60	14.40	12.90	11.90	9.90	8.10	6.80	2.10
\$103	\$104	20.50	19.10	17.60	15.90	14.70	13.20	12.20	10.20	8.40	7.10	2.20
\$104	\$105	20.80	19.40	17.90	16.20	15.00	13.50	12.50	10.50	8.70	7.40	2.30
\$105	\$106	21.10	19.70	18.20	16.50	15.30	13.80	12.80	10.80	9.00	7.70	2.40
\$106	\$107	21.40	20.00	18.50	16.80	15.60	14.10	13.10	11.10	9.30	8.00	2.50
\$107	\$108	21.70	20.30									



If the pay-roll period with respect to an employee is biweekly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$20	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20	\$22	\$2.50	0	0	0	0	0	0	0	0	0	0
\$22	\$24	2.80	0	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	0	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	0	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	0	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	1.20	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	1.40	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	1.60	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.80	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	2.10	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	2.40	0	0	0	0	0	0	0	0	0
\$42	\$44	5.20	2.60	0	0	0	0	0	0	0	0	0
\$44	\$46	5.50	2.80	.30	0	0	0	0	0	0	0	0
\$46	\$48	5.90	3.10	.50	0	0	0	0	0	0	0	0
\$48	\$50	6.20	3.30	.70	0	0	0	0	0	0	0	0
\$50	\$52	6.60	3.50	1.00	0	0	0	0	0	0	0	0
\$52	\$54	7.00	3.80	1.20	0	0	0	0	0	0	0	0
\$54	\$56	7.30	4.00	1.50	0	0	0	0	0	0	0	0
\$56	\$58	7.70	4.30	1.70	0	0	0	0	0	0	0	0
\$58	\$60	8.00	4.50	1.90	0	0	0	0	0	0	0	0
\$60	\$62	8.30	4.70	2.20	0	0	0	0	0	0	0	0
\$62	\$64	8.60	5.00	2.40	0	0	0	0	0	0	0	0
\$64	\$66	8.90	5.30	2.70	.10	0	0	0	0	0	0	0
\$66	\$68	9.20	5.60	2.90	.30	0	0	0	0	0	0	0
\$68	\$70	9.40	6.00	3.10	.60	0	0	0	0	0	0	0
\$70	\$72	9.70	6.40	3.40	.80	0	0	0	0	0	0	0
\$72	\$74	10.00	6.70	3.60	1.10	0	0	0	0	0	0	0
\$74	\$76	10.30	7.10	3.90	1.30	0	0	0	0	0	0	0
\$76	\$78	10.50	7.40	4.10	1.50	0	0	0	0	0	0	0
\$78	\$80	10.80	7.80	4.30	1.80	0	0	0	0	0	0	0
\$80	\$82	11.10	8.20	4.60	2.00	0	0	0	0	0	0	0
\$82	\$84	11.40	8.40	4.80	2.30	0	0	0	0	0	0	0
\$84	\$86	11.60	8.70	5.10	2.50	0	0	0	0	0	0	0
\$86	\$88	11.90	9.00	5.40	2.70	.20	0	0	0	0	0	0
\$88	\$90	12.20	9.30	5.80	3.00	.40	0	0	0	0	0	0
\$90	\$92	12.40	9.50	6.10	3.20	.70	0	0	0	0	0	0
\$92	\$94	12.70	9.80	6.50	3.50	.90	0	0	0	0	0	0
\$94	\$96	13.00	10.10	6.80	3.70	1.10	0	0	0	0	0	0
\$96	\$98	13.30	10.30	7.20	3.90	1.40	0	0	0	0	0	0
\$98	\$100	13.50	10.60	7.60	4.20	1.60	0	0	0	0	0	0
\$100	\$102	13.80	10.90	7.90	4.40	1.90	0	0	0	0	0	0
\$102	\$104	14.10	11.20	8.20	4.70	2.10	0	0	0	0	0	0
\$104	\$106	14.40	11.40	8.50	4.90	2.30	0	0	0	0	0	0
\$106	\$108	14.60	11.70	8.80	5.10	2.60	0	0	0	0	0	0
\$108	\$110	14.90	12.00	9.10	5.50	2.80	.30	0	0	0	0	0
\$110	\$112	15.20	12.30	9.30	5.80	3.10	.50	0	0	0	0	0
\$112	\$114	15.50	12.50	9.60	6.20	3.30	.70	0	0	0	0	0
\$114	\$116	15.70	12.80	9.90	6.60	3.50	1.00	0	0	0	0	0
\$116	\$118	16.00	13.10	10.20	6.90	3.80	1.20	0	0	0	0	0
\$118	\$120	16.30	13.40	10.40	7.30	4.10	1.50	0	0	0	0	0
\$120	\$124	16.70	13.80	10.80	7.50	4.40	1.80	0	0	0	0	0
\$124	\$128	17.20	14.30	11.40	8.50	4.90	2.30	0	0	0	0	0
\$128	\$132	17.80	14.90	11.90	9.00	5.40	2.80	.20	0	0	0	0
\$132	\$136	18.30	15.40	12.50	9.60	6.20	3.30	.70	0	0	0	0
\$136	\$140	18.90	16.00	13.00	10.10	6.90	3.70	1.20	0	0	0	0
\$140	\$144	19.40	16.50	13.60	10.70	7.60	4.20	1.70	0	0	0	0
\$144	\$148	20.00	17.00	14.10	11.20	8.30	4.70	2.10	0	0	0	0
\$148	\$152	20.50	17.60	14.70	11.80	8.80	5.20	2.60	.10	0	0	0
\$152	\$156	21.10	18.10	15.20	12.30	9.40	5.60	3.10	.50	0	0	0
\$156	\$160	21.60	18.70	15.80	12.80	9.90	6.00	3.60	1.00	0	0	0
\$160	\$164	22.20	19.20	16.30	13.40	10.50	7.40	4.00	1.50	0	0	0
\$164	\$168	22.70	19.80	16.90	13.90	11.00	8.10	4.50	2.00	0	0	0
\$168	\$172	23.30	20.30	17.40	14.50	11.60	8.60	5.00	2.40	0	0	0
\$172	\$176	23.80	20.90	18.00	15.00	12.10	9.20	5.70	2.90	.40	0	0
\$176	\$180	24.40	21.40	18.50	15.60	12.70	9.70	6.40	3.40	.80	0	0
\$180	\$184	24.90	21.90	19.10	16.10	13.20	10.30	7.10	3.90	1.30	0	0
\$184	\$188	25.40	22.50	19.60	16.70	13.80	10.80	7.80	4.40	1.80	0	0
\$188	\$192	26.00	23.10	20.10	17.20	14.30	11.40	8.50	4.80	2.30	0	0
\$192	\$196	26.50	23.60	20.70	17.80	14.80	11.90	9.00	5.40	2.80	.20	0
\$196	\$200	27.10	24.20	21.20	18.30	15.40	12.50	9.50	6.10	3.20	.70	0
\$200	\$204	27.60	24.70	21.70	18.80	15.90	13.00	10.00	6.70	3.70	1.20	0
\$204	\$208	28.20	25.30	22.30	19.30	16.40	13.40	10.50	7.40	4.10	1.50	0
\$208	\$212	28.70	25.80	22.80	19.80	16.90	13.90	11.00	8.10	4.60	2.00	.20
\$212	\$216	29.30	26.40	23.40	20.40	17.40	14.40	11.50	8.60	5.10	2.50	1.40
\$216	\$220	29.80	26.90	23.90	20.90	17.90	14.90	12.00	9.10	5.60	3.00	2.60
\$220	\$224	30.40	27.50	24.50	21.50	18.40	15.40	12.50	9.60	6.10	3.50	3.70
\$224	\$228	31.00	28.10	25.10	22.10	19.00	16.00	13.00	10.10	6.60	4.00	4.90
\$228	\$232	31.60	28.70	25.70	22.70	19.60	16.60	13.60	10.60	7.10	4.50	6.70
\$232	\$236	32.20	29.30	26.30	23.30	20.20	17.20	14.20	11.20	7.60	5.00	8.40
\$236	\$240	32.80	29.90	26.90	23.90	20.80	17.80	14.80	11.80	8.10	5.50	9.80
\$240	\$244	33.40	30.50	27.50	24.50	21.40	18.40	15.40	12.40	8.60	6.00	11.10
\$244	\$248	34.00	31.10	28.10	25.10	22.00	19.00	16.00	13.00	9.10	6.50	13.20
\$248	\$252	34.60	31.70	28.70	25.70	22.60	19.60	16.60	13.60	9.60	7.00	15.90
\$252	\$256	35.20	32.30	29.30	26.30	23.20	20.20	17.20	14.20	10.10	7.50	18.60
\$256	\$260	35.80	32.90	29.90	26.90	23.80	20.80	17.80	14.80	10.60	8.00	21.40
\$260	\$264	36.40	33.50	30.50	27.50	24.40	21.40	18.40	15.40	11.10	8.50	24.10
\$264	\$268	37.00	34.10	31.10	28.10	25.00	22.00	19.00	16.00	11.60	9.00	27.40
\$268	\$272	37.60	34.70	31.70	28.70	25.60	22.60	19.60	16.60	12.10	9.50	30.40
\$272	\$276	38.20	35.30	32.30	29.30	26.20	23.20	20.20	17.20	12.60	10.00	33.40
\$276	\$280	38.80	35.90	32.90	29.90	26.80	23.80	20.80	17.80	13.10	10.50	36.40
\$280	\$284	39.40	36.50	33.50	30.50	27.40	24.40	21.40	18.40	13.60	11.00	39.40
\$284	\$288	40.00	37.10	34.10	31.10	28.00	25.00	22.00	19.00	14.10	11.50	42.40
\$288	\$292	40.60	37.70	34.70	31.70	28.60	25.60	22.60	19.60	14.60	12.00	45.40
\$292	\$296	41.20	38.30	35.30	32.30	29.20	26.20	23.20	20.20	15.10	12.50	48.40
\$296	\$300	41.80	38.90	35.90	32.90	29.80	26.80	23.80	20.80	15.60	13.00	51.40
\$300	\$304	42.40	39.50	36.50	33.50	30.40	27.40	24.40	21.40	16.10	13.50	54.40
\$304	\$308	43.00	40.10	37.10	34.10	31.00	28.00	25.00	22.00	16.60	14.00	57.40
\$308	\$312	43.60	40.70	37.70	34.70	31.60	28.60	25.60	22.60	17.10	14.50	60.40
\$312	\$316	44.20	41.30	38.30	35.30	32.20	29.20	26.20	23.20	17.60	15.00	63.40
\$316	\$320	44.80	41.90	38.90	35.90	32.80	29.80	26.80	23.80	18.10	15.50	66.40
\$320	\$324	45.40	42.50	39.50	36.50	33.40	30.40	27.40	24.40	18.60	16.00	69.40
\$324	\$328	46.00	43.10	40.10	37.10	34.00	31.00	28.00	25.00	19.10	16.50	72.40
\$328	\$332	46.60	43.70	40.70	37.70	34.60	31.60	28.60	25.60	19.60	17.00	75.40
\$332	\$336	47.20	44.30	41.30	38.30	35.20	32.20	29.20	26.20	20.10	17.50	78.40
\$336	\$340	47.80	44.90	41.90	38.90	35.80	32.80	29.80	26.80	20.60	18.00	81.

If the pay-roll period with respect to an employee is semimonthly—

And the wages are--		And the number of withholding exemptions claimed is--										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be--												
\$0	\$22	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$22	\$24	\$2.80	0	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	.20	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	.50	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	.70	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	.90	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	1.20	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	1.40	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.70	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	1.90	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	2.10	0	0	0	0	0	0	0	0	0
\$42	\$44	5.10	2.40	0	0	0	0	0	0	0	0	0
\$44	\$46	5.40	2.60	0	0	0	0	0	0	0	0	0
\$46	\$48	5.70	2.90	.10	0	0	0	0	0	0	0	0
\$48	\$50	6.00	3.10	.30	0	0	0	0	0	0	0	0
\$50	\$52	6.40	3.30	.60	0	0	0	0	0	0	0	0
\$52	\$54	6.70	3.60	.80	0	0	0	0	0	0	0	0
\$54	\$56	7.10	3.80	1.00	0	0	0	0	0	0	0	0
\$56	\$58	7.50	4.10	1.30	0	0	0	0	0	0	0	0
\$58	\$60	7.80	4.30	1.50	0	0	0	0	0	0	0	0
\$60	\$62	8.20	4.50	1.80	0	0	0	0	0	0	0	0
\$62	\$64	8.50	4.80	2.00	0	0	0	0	0	0	0	0
\$64	\$66	8.90	5.00	2.20	0	0	0	0	0	0	0	0
\$66	\$68	9.20	5.20	2.50	0	0	0	0	0	0	0	0
\$68	\$70	9.40	5.50	2.70	0	0	0	0	0	0	0	0
\$70	\$72	9.70	5.80	3.00	.20	0	0	0	0	0	0	0
\$72	\$74	10.00	6.20	3.20	.40	0	0	0	0	0	0	0
\$74	\$76	10.30	6.50	3.40	.70	0	0	0	0	0	0	0
\$76	\$78	10.50	6.90	3.70	.90	0	0	0	0	0	0	0
\$78	\$80	10.80	7.30	3.90	1.10	0	0	0	0	0	0	0
\$80	\$82	11.10	7.60	4.20	1.40	0	0	0	0	0	0	0
\$82	\$84	11.40	8.00	4.40	1.60	0	0	0	0	0	0	0
\$84	\$86	11.60	8.30	4.60	1.90	0	0	0	0	0	0	0
\$86	\$88	11.90	8.70	4.90	2.10	0	0	0	0	0	0	0
\$88	\$90	12.20	9.00	5.10	2.30	0	0	0	0	0	0	0
\$90	\$92	12.40	9.30	5.40	2.60	0	0	0	0	0	0	0
\$92	\$94	12.70	9.60	5.60	2.90	0	0	0	0	0	0	0
\$94	\$96	13.00	9.80	6.00	3.10	.30	0	0	0	0	0	0
\$96	\$98	13.30	10.10	6.30	3.30	.50	0	0	0	0	0	0
\$98	\$100	13.50	10.40	6.70	3.50	.80	0	0	0	0	0	0
\$100	\$102	13.80	10.70	7.10	3.80	1.00	0	0	0	0	0	0
\$102	\$104	14.10	10.90	7.40	4.00	1.20	0	0	0	0	0	0
\$104	\$106	14.40	11.20	7.80	4.30	1.50	0	0	0	0	0	0
\$106	\$108	14.60	11.50	8.10	4.50	1.70	0	0	0	0	0	0
\$108	\$110	14.90	11.70	8.50	4.70	2.00	0	0	0	0	0	0
\$110	\$112	15.20	12.00	8.90	5.00	2.20	0	0	0	0	0	0
\$112	\$114	15.50	12.30	9.10	5.20	2.40	0	0	0	0	0	0
\$114	\$116	15.70	12.60	9.40	5.50	2.70	0	0	0	0	0	0
\$116	\$118	16.00	12.80	9.70	5.80	2.90	.20	0	0	0	0	0
\$118	\$120	16.30	13.10	9.90	6.10	3.20	.40	0	0	0	0	0
\$120	\$122	16.70	13.50	10.40	6.70	3.50	.70	0	0	0	0	0
\$122	\$124	17.20	14.10	10.90	7.40	4.00	1.20	0	0	0	0	0
\$124	\$126	17.80	14.60	11.50	8.10	4.50	1.70	0	0	0	0	0
\$126	\$128	18.30	15.20	12.00	8.80	5.00	2.20	0	0	0	0	0
\$128	\$130	18.90	15.70	12.50	9.40	5.40	2.70	0	0	0	0	0
\$130	\$132	19.40	16.30	13.10	9.90	6.10	3.10	.40	0	0	0	0
\$132	\$134	20.00	16.80	13.60	10.50	6.80	3.60	.90	0	0	0	0
\$134	\$136	20.50	17.40	14.20	11.00	7.50	4.10	1.30	0	0	0	0
\$136	\$138	21.10	17.90	14.70	11.60	8.30	4.60	1.80	0	0	0	0
\$138	\$140	21.60	18.40	15.30	12.10	8.90	5.10	2.30	0	0	0	0
\$140	\$142	22.20	19.00	15.80	12.70	9.50	5.50	2.80	0	0	0	0
\$142	\$144	22.70	19.50	16.40	13.20	10.00	6.30	3.20	.50	0	0	0
\$144	\$146	23.30	20.10	16.90	13.80	10.60	7.00	3.70	1.00	0	0	0
\$146	\$148	23.80	20.60	17.50	14.30	11.10	7.70	4.20	1.40	0	0	0
\$148	\$150	24.40	21.20	18.00	14.90	11.70	8.40	4.70	1.90	0	0	0
\$150	\$152	24.90	21.70	18.60	15.40	12.20	9.10	5.20	2.40	0	0	0
\$152	\$154	25.40	22.30	19.10	15.90	12.80	9.60	5.70	2.90	.10	0	0
\$154	\$156	26.00	22.80	19.70	16.50	13.30	10.20	6.40	3.30	.60	0	0
\$156	\$158	26.50	23.40	20.20	17.00	13.90	10.70	7.10	3.80	1.10	0	0
\$158	\$160	27.10	23.90	20.80	17.60	14.40	11.30	7.80	4.30	1.50	0	0
\$160	\$162	28.00	24.90	21.70	18.50	15.40	12.20	9.00	5.10	2.40	0	0
\$162	\$164	28.40	25.30	22.10	18.90	15.80	12.60	9.40	5.50	2.80	.80	0
\$164	\$166	28.80	25.70	22.50	19.30	16.20	13.00	9.80	5.90	3.20	2.00	0
\$166	\$168	29.20	26.10	22.90	19.70	16.60	13.40	10.20	6.30	3.60	3.20	0
\$168	\$170	29.60	26.50	23.30	20.10	17.00	13.80	10.60	6.70	4.00	4.40	1.60
\$170	\$172	30.00	26.90	23.70	20.50	17.40	14.20	11.00	7.10	4.40	5.60	2.80
\$172	\$174	30.40	27.30	24.10	20.90	17.80	14.60	11.40	7.50	4.80	6.80	4.00
\$174	\$176	30.80	27.70	24.50	21.30	18.20	15.00	11.80	7.90	5.20	8.00	5.20
\$176	\$178	31.20	28.10	24.90	21.70	18.60	15.40	12.20	8.30	5.60	9.20	6.40
\$178	\$180	31.60	28.50	25.30	22.10	19.00	15.80	12.60	8.70	6.00	10.40	7.60
\$180	\$182	32.00	28.90	25.70	22.50	19.40	16.20	13.00	9.10	6.40	11.60	8.80
\$182	\$184	32.40	29.30	26.10	22.90	19.80	16.60	13.40	9.50	6.80	12.80	10.00
\$184	\$186	32.80	29.70	26.50	23.30	20.20	17.00	13.80	9.90	7.20	14.00	11.20
\$186	\$188	33.20	30.10	26.90	23.70	20.60	17.40	14.20	10.30	7.60	15.20	12.40
\$188	\$190	33.60	30.50	27.30	24.10	21.00	17.80	14.60	10.70	8.00	16.40	13.60
\$190	\$192	34.00	30.90	27.70	24.50	21.40	18.20	15.00	11.10	8.40	17.60	14.80
\$192	\$194	34.40	31.30	28.10	24.90	21.80	18.60	15.40	11.50	8.80	18.80	16.00
\$194	\$196	34.80	31.70	28.50	25.30	22.20	19.00	15.80	11.90	9.20	20.00	17.20
\$196	\$198	35.20	32.10	28.90	25.70	22.60	19.40	16.20	12.30	9.60	21.20	18.40
\$198	\$200	35.60	32.50	29.30	26.10	23.00	19.80	16.60	12.70	10.00	22.40	19.60
\$200	\$202	36.00	32.90	29.70	26.50	23.40	20.20	17.00	13.10	10.40	23.60	20.80
\$202	\$204	36.40	33.30	30.10	26.90	23.80	20.60	17.40	13.50	10.80	24.80	22.00
\$204	\$206	36.80	33.70	30.50	27.30	24.20	21.00	17.80	13.90	11.20	26.00	23.20
\$206	\$208	37.20	34.10	30.90	27.70	24.60	21.40	18.20	14.30	11.60	27.20	24.40
\$208	\$210	37.60	34.50	31.31								



If the pay-roll period with respect to an employee is monthly—

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0.	\$44.	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$44.	\$48.	\$5.50	0	0	0	0	0	0	0	0	0	0
\$48.	\$52.	6.00	.40	0	0	0	0	0	0	0	0	0
\$52.	\$56.	6.50	.90	0	0	0	0	0	0	0	0	0
\$56.	\$60.	6.90	1.40	0	0	0	0	0	0	0	0	0
\$60.	\$64.	7.40	1.90	0	0	0	0	0	0	0	0	0
\$64.	\$68.	7.90	2.40	0	0	0	0	0	0	0	0	0
\$68.	\$72.	8.40	2.80	0	0	0	0	0	0	0	0	0
\$72.	\$76.	8.90	3.30	0	0	0	0	0	0	0	0	0
\$76.	\$80.	9.30	3.80	0	0	0	0	0	0	0	0	0
\$80.	\$84.	9.80	4.30	0	0	0	0	0	0	0	0	0
\$84.	\$88.	10.30	4.80	0	0	0	0	0	0	0	0	0
\$88.	\$92.	10.80	5.20	0	0	0	0	0	0	0	0	0
\$92.	\$96.	11.30	5.70	.20	0	0	0	0	0	0	0	0
\$96.	\$100.	12.10	6.20	.60	0	0	0	0	0	0	0	0
\$100.	\$104.	12.80	6.70	1.10	0	0	0	0	0	0	0	0
\$104.	\$108.	13.50	7.10	1.60	0	0	0	0	0	0	0	0
\$108.	\$112.	14.20	7.60	2.10	0	0	0	0	0	0	0	0
\$112.	\$116.	14.90	8.10	2.60	0	0	0	0	0	0	0	0
\$116.	\$120.	15.70	8.60	3.00	0	0	0	0	0	0	0	0
\$120.	\$124.	16.40	9.10	3.50	0	0	0	0	0	0	0	0
\$124.	\$128.	17.10	9.50	4.00	0	0	0	0	0	0	0	0
\$128.	\$132.	17.80	10.00	4.50	0	0	0	0	0	0	0	0
\$132.	\$136.	18.30	10.50	5.00	0	0	0	0	0	0	0	0
\$136.	\$140.	18.90	11.00	5.40	0	0	0	0	0	0	0	0
\$140.	\$144.	19.40	11.60	5.90	.40	0	0	0	0	0	0	0
\$144.	\$148.	20.00	12.40	6.40	.90	0	0	0	0	0	0	0
\$148.	\$152.	20.50	13.10	6.90	1.30	0	0	0	0	0	0	0
\$152.	\$156.	21.10	13.80	7.40	1.80	0	0	0	0	0	0	0
\$156.	\$160.	21.60	14.50	7.80	2.30	0	0	0	0	0	0	0
\$160.	\$164.	22.20	15.20	8.30	2.80	0	0	0	0	0	0	0
\$164.	\$168.	22.70	16.00	8.80	3.20	0	0	0	0	0	0	0
\$168.	\$172.	23.30	16.70	9.30	3.70	0	0	0	0	0	0	0
\$172.	\$176.	23.80	17.40	9.70	4.20	0	0	0	0	0	0	0
\$176.	\$180.	24.40	18.00	10.20	4.70	0	0	0	0	0	0	0
\$180.	\$184.	24.90	18.60	10.70	5.20	0	0	0	0	0	0	0
\$184.	\$188.	25.40	19.10	11.20	5.60	.10	0	0	0	0	0	0
\$188.	\$192.	26.00	19.70	12.00	6.10	.60	0	0	0	0	0	0
\$192.	\$196.	26.50	20.20	12.70	6.60	1.10	0	0	0	0	0	0
\$196.	\$200.	27.10	20.80	13.40	7.10	1.50	0	0	0	0	0	0
\$200.	\$204.	27.60	21.30	14.10	7.60	2.00	0	0	0	0	0	0
\$204.	\$208.	28.20	21.80	14.80	8.00	2.50	0	0	0	0	0	0
\$208.	\$212.	28.70	22.40	15.60	8.50	3.00	0	0	0	0	0	0
\$212.	\$216.	29.30	22.90	16.30	9.00	3.40	0	0	0	0	0	0
\$216.	\$220.	29.80	23.50	17.00	9.50	3.90	0	0	0	0	0	0
\$220.	\$224.	30.40	24.00	17.70	9.90	4.40	0	0	0	0	0	0
\$224.	\$228.	30.90	24.60	18.30	10.40	4.90	0	0	0	0	0	0
\$228.	\$232.	31.50	25.10	18.80	10.90	5.40	0	0	0	0	0	0
\$232.	\$236.	32.00	25.70	19.30	11.50	5.80	.30	0	0	0	0	0
\$236.	\$240.	32.60	26.20	19.90	12.30	6.30	.80	0	0	0	0	0
\$240.	\$244.	33.40	27.00	20.70	13.30	7.00	1.50	0	0	0	0	0
\$244.	\$248.	34.50	28.10	21.80	14.80	8.00	2.50	0	0	0	0	0
\$248.	\$252.	35.60	29.20	22.90	16.20	9.00	3.40	0	0	0	0	0
\$252.	\$256.	36.70	30.30	24.00	17.70	9.90	4.40	0	0	0	0	0
\$256.	\$260.	37.80	31.40	25.10	18.80	10.90	5.30	0	0	0	0	0
\$260.	\$264.	38.90	32.50	26.20	19.90	12.20	6.30	.70	0	0	0	0
\$264.	\$268.	39.90	33.60	27.30	20.90	13.60	7.20	1.70	0	0	0	0
\$268.	\$272.	41.00	34.70	28.40	22.00	15.10	8.20	2.70	0	0	0	0
\$272.	\$276.	42.10	35.80	29.50	23.10	16.50	9.20	3.60	0	0	0	0
\$276.	\$280.	43.20	36.90	30.60	24.20	17.90	10.10	4.60	0	0	0	0
\$280.	\$284.	44.30	38.00	31.70	25.30	19.00	11.10	5.50	0	0	0	0
\$284.	\$288.	45.40	39.10	32.80	26.40	20.10	12.50	6.50	.90	0	0	0
\$288.	\$292.	46.50	40.20	33.80	27.50	21.20	14.00	7.40	1.90	0	0	0
\$292.	\$296.	47.60	41.30	34.90	28.60	22.30	15.40	8.40	2.90	0	0	0
\$296.	\$300.	48.70	42.40	36.00	29.70	23.40	16.80	9.40	3.80	0	0	0
\$300.	\$304.	49.80	43.50	37.10	30.80	24.50	18.10	10.30	4.80	0	0	0
\$304.	\$308.	50.90	44.60	38.20	31.90	25.60	19.20	11.40	5.70	.20	0	0
\$308.	\$312.	52.00	45.70	39.30	33.00	26.70	20.30	12.80	6.70	1.20	0	0
\$312.	\$316.	53.10	46.70	40.40	34.10	27.70	21.40	14.30	7.70	2.10	0	0
\$316.	\$320.	54.20	47.80	41.50	35.20	28.80	22.50	15.70	8.60	3.10	0	0
\$320.	\$324.	55.30	48.90	42.60	36.30	29.90	23.60	17.10	9.50	4.00	0	0
\$324.	\$328.	56.40	50.00	43.70	37.40	31.00	24.70	18.10	10.30	4.70	0	0
\$328.	\$332.	57.50	51.10	44.80	38.50	32.10	25.80	19.20	11.40	5.50	1.60	0
\$332.	\$336.	58.60	52.20	45.90	39.60	33.20	26.90	20.30	12.80	6.70	2.10	0
\$336.	\$340.	59.70	53.30	47.00	40.70	34.30	28.00	21.40	14.30	7.70	3.10	0
\$340.	\$344.	60.80	54.40	48.10	41.80	35.40	29.10	22.50	15.70	8.60	4.10	0
\$344.	\$348.	61.90	55.50	49.20	42.90	36.50	30.20	23.60	17.10	9.50	5.10	0
\$348.	\$352.	63.00	56.60	50.30	44.00	37.60	31.30	24.70	18.10	10.30	6.10	0
\$352.	\$356.	64.10	57.70	51.40	45.10	38.70	32.40	25.80	19.20	11.40	7.10	0
\$356.	\$360.	65.20	58.80	52.50	46.20	39.80	33.50	26.90	20.30	12.80	8.10	0
\$360.	\$364.	66.30	59.90	53.60	47.30	40.90	34.60	28.00	21.40	14.30	9.10	0
\$364.	\$368.	67.40	61.00	54.70	48.40	42.00	35.70	29.10	22.50	15.70	10.10	0
\$368.	\$372.	68.50	62.10	55.80	49.50	43.10	36.80	30.20	23.60	17.10	11.10	0
\$372.	\$376.	69.60	63.20	56.90	50.60	44.20	37.90	31.30	24.70	18.10	12.10	0
\$376.	\$380.	70.70	64.30	58.00	51.70	45.30	39.00	32.40	25.80	19.20	13.10	0
\$380.	\$384.	71.80	65.40	59.10	52.80	46.40	40.10	33.50	26.90	20.30	14.10	0
\$384.	\$388.	72.90	66.50	60.20	53.90	47.50	41.20	34.60	28.00	21.40	15.10	0
\$388.	\$392.	74.00	67.60	61.30	55.00	48.60	42.30	35.70	29.10	22.50	16.10	0
\$392.	\$396.	75.10	68.70	62.40	56.10	49.70	43.40	36.80	30.20	23.60	17.10	0
\$396.	\$400.	76.20	69.80	63.50	57.20	50.80	44.50	37.90	31.30	24.70	18.10	0
\$400.	\$404.	77.30	70.90	64.60	58.30	51.90	45.60	39.00	32.40	25.80	19.20	0
\$404.	\$408.	78.40	72.00	65.70	59.40	53.00	46.70	40.10	33.50	26.90	20.30	0
\$408.	\$412.	79.50	73.10	66.80	60.50	54.10	47.80	41.20	34.60	28.00	21.40	0
\$412.	\$416.	80.60	74.20	67.90	61.60	55.20	48.90	42.30	35.70	29.10	22.50	0
\$416.	\$420.	81.70	75.30	69.00	62.70	56.30	50.00	43.40	36.80	30.20	23.60	0
\$420.	\$424.	82.80	76.40	70.10	63.80	57.40	51.10	44.50	37.90	31.30	24.70	0
\$424.	\$428.	83.90	77.50	71.20	64.90	58.50	52.20	45.60	39.00	32.40	25.80	0
\$428.	\$432.	85.00	78.60	72.30	66.00	59.60	53.30	46.70	40.10	33.50	26.90	0
\$432.	\$436.	86.10	79.70	73.40	67.10	60.70	54.40	47.80	41.20	34.60	28.00	0
\$436.	\$440.	87.20	80.80	74.50	68.20	61.80	55.50	48.90	42.30	35.70	29.10	0
\$440.	\$444.	88.30	81.90	75.60	69.30	62.90	56.60	50.00	43.40	36.80	30.20	0
\$444.	\$448.	89.40	83.00	76.70	70.40	64.00	57.70	51.10	44.50	37.90	31.30	0
\$448.	\$452.	90.50	84.10	77.80	71.50	65.10	58.80	45.60	45.60	39.00	32.40	0
\$452.	\$456.	91.60	85.20	78.90	72.60	66.20	59.90	46.70	46.70	40.10	33.50	0
\$456.	\$460.	92.70	86.30	80.00	73.70	67.30	61.00	47.80	47.80	41.20	34.60	0
\$460.	\$464.	93.80	87.40	81.10	74.80	68.40	62.10	48.90	48.90	42.30	35.70	

If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—

And the wages divided by the number of days in such periods are—		And the number of withholding exemptions claimed is—										
		0	1	2	3	4	5	6	7	8	9	10 or more
At least	But less than	The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period										
\$0	\$1.50	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1.50	\$1.75	\$0.20	0	0	0	0	0	0	0	0	0	0
\$1.75	\$2.00	.20	.05	0	0	0	0	0	0	0	0	0
\$2.00	\$2.25	.25	.05	0	0	0	0	0	0	0	0	0
\$2.25	\$2.50	.30	.10	0	0	0	0	0	0	0	0	0
\$2.50	\$2.75	.30	.15	0	0	0	0	0	0	0	0	0
\$2.75	\$3.00	.35	.15	0	0	0	0	0	0	0	0	0
\$3.00	\$3.25	.40	.20	0	0	0	0	0	0	0	0	0
\$3.25	\$3.50	.40	.20	.05	0	0	0	0	0	0	0	0
\$3.50	\$3.75	.45	.25	.05	0	0	0	0	0	0	0	0
\$3.75	\$4.00	.50	.30	.10	0	0	0	0	0	0	0	0
\$4.00	\$4.25	.55	.30	.15	0	0	0	0	0	0	0	0
\$4.25	\$4.50	.60	.35	.15	0	0	0	0	0	0	0	0
\$4.50	\$4.75	.65	.35	.20	0	0	0	0	0	0	0	0
\$4.75	\$5.00	.65	.40	.25	.05	0	0	0	0	0	0	0
\$5.00	\$5.25	.70	.45	.30	.10	0	0	0	0	0	0	0
\$5.25	\$5.50	.75	.50	.35	.15	0	0	0	0	0	0	0
\$5.50	\$5.75	.75	.55	.40	.20	0	0	0	0	0	0	0
\$5.75	\$6.00	.80	.60	.45	.25	0	0	0	0	0	0	0
\$6.00	\$6.25	.85	.65	.50	.30	.10	0	0	0	0	0	0
\$6.25	\$6.50	.85	.70	.55	.35	.15	0	0	0	0	0	0
\$6.50	\$6.75	.90	.75	.60	.40	.20	0	0	0	0	0	0
\$6.75	\$7.00	.95	.80	.65	.45	.25	.05	0	0	0	0	0
\$7.00	\$7.25	.95	.85	.70	.50	.30	.10	0	0	0	0	0
\$7.25	\$7.50	1.00	.90	.75	.55	.35	.15	0	0	0	0	0
\$7.50	\$7.75	1.05	.95	.80	.60	.40	.20	0	0	0	0	0
\$7.75	\$8.00	1.10	.95	.85	.65	.45	.25	.05	0	0	0	0
\$8.00	\$8.25	1.10	.90	.80	.60	.40	.20	0	0	0	0	0
\$8.25	\$8.50	1.15	.95	.85	.65	.45	.25	.10	0	0	0	0
\$8.50	\$8.75	1.20	.95	.85	.65	.45	.25	.10	0	0	0	0
\$8.75	\$9.00	1.20	1.00	.90	.70	.50	.30	.15	0	0	0	0
\$9.00	\$9.25	1.25	1.05	.95	.75	.55	.35	.20	0	0	0	0
\$9.25	\$9.50	1.30	1.05	.95	.75	.55	.35	.20	.05	0	0	0
\$9.50	\$9.75	1.30	1.10	.95	.75	.55	.35	.20	.05	0	0	0
\$9.75	\$10.00	1.35	1.15	.95	.75	.55	.35	.20	.10	0	0	0
\$10.00	\$10.50	1.40	1.20	1.00	.80	.60	.40	.20	.15	0	0	0
\$10.50	\$11.00	1.45	1.25	1.05	.85	.65	.45	.25	.20	0	0	0
\$11.00	\$11.50	1.55	1.35	1.10	.90	.70	.50	.30	.25	.05	0	0
\$11.50	\$12.00	1.60	1.40	1.20	1.00	.80	.60	.40	.30	.15	0	0
\$12.00	\$12.50	1.70	1.45	1.25	1.05	.85	.65	.45	.40	.20	0	0
\$12.50	\$13.00	1.75	1.55	1.35	1.10	.90	.70	.50	.45	.25	.05	0
\$13.00	\$13.50	1.80	1.60	1.40	1.20	1.00	.80	.60	.55	.30	.15	0
\$13.50	\$14.00	1.90	1.65	1.45	1.25	1.05	.85	.65	.60	.35	.20	0
\$14.00	\$14.50	1.95	1.75	1.55	1.30	1.10	.90	.70	.65	.40	.25	.05
\$14.50	\$15.00	2.00	1.80	1.60	1.40	1.20	1.00	.80	.75	.45	.30	.15
\$15.00	\$15.50	2.10	1.90	1.65	1.45	1.25	1.05	.85	.80	.50	.35	.20
\$15.50	\$16.00	2.15	1.95	1.75	1.55	1.30	1.10	.90	.85	.55	.40	.25
\$16.00	\$16.50	2.20	2.00	1.80	1.60	1.40	1.20	.95	.90	.60	.45	.30
\$16.50	\$17.00	2.30	2.10	1.85	1.65	1.45	1.25	1.05	.95	.65	.50	.35
\$17.00	\$17.50	2.35	2.15	1.95	1.75	1.55	1.30	1.10	.95	.70	.55	.40
\$17.50	\$18.00	2.45	2.20	2.00	1.80	1.60	1.40	1.20	1.05	.85	.60	.45
\$18.00	\$18.50	2.50	2.30	2.10	1.95	1.75	1.50	1.30	1.10	.90	.70	.55
\$18.50	\$19.00	2.55	2.35	2.15	2.00	1.80	1.60	1.40	1.20	.95	.75	.55
\$19.00	\$19.50	2.65	2.45	2.25	2.10	1.85	1.65	1.45	1.25	1.05	.85	.60
\$19.50	\$20.00	2.70	2.50	2.30	2.10	1.95	1.75	1.55	1.35	1.15	.95	.70
\$20.00	\$20.50	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40	1.20	1.05	.85
\$20.50	\$21.00	2.95	2.75	2.55	2.35	2.15	1.95	1.75	1.55	1.35	1.15	1.00
\$21.00	\$21.50	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40	1.20	1.05
\$21.50	\$22.00	3.10	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.25	1.10
\$22.00	\$22.50	3.20	2.90	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.30	1.15
\$22.50	\$23.00	3.30	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40	1.25
\$23.00	\$23.50	3.35	3.05	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45	1.30
\$23.50	\$24.00	3.40	3.10	2.90	2.70	2.50	2.30	2.10	1.90	1.70	1.50	1.35
\$24.00	\$24.50	3.50	3.20	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.60	1.40
\$24.50	\$25.00	3.55	3.25	3.05	2.85	2.65	2.45	2.25	2.05	1.85	1.65	1.45
\$25.00	\$25.50	3.60	3.30	3.10	2.90	2.70	2.50	2.30	2.10	1.90	1.70	1.55
\$25.50	\$26.00	3.65	3.35	3.15	2.95	2.75	2.55	2.35	2.15	1.95	1.75	1.60
\$26.00	\$26.50	3.70	3.40	3.20	3.00	2.80	2.60	2.40	2.20	2.00	1.80	1.65
\$26.50	\$27.00	3.75	3.45	3.25	3.05	2.85	2.65	2.45	2.25	2.05	1.85	1.70
\$27.00	\$27.50	3.80	3.50	3.30	3.10	2.90	2.70	2.50	2.30	2.10	1.90	1.75
\$27.50	\$28.00	3.85	3.55	3.35	3.15	2.95	2.75	2.55	2.35	2.15	1.95	1.80
\$28.00	\$28.50	3.90	3.60	3.40	3.20	3.00	2.80	2.60	2.40	2.20	2.00	1.85
\$28.50	\$29.00	4.05	3.85	3.65	3.45	3.25	3.05	2.85	2.65	2.45	2.25	2.05
\$29.00	\$30.00											
14 percent of the excess over \$30 plus												
\$30.00 and over		4.10	3.90	3.70	3.50	3.25	3.05	2.85	2.65	2.45	2.25	2.00

The amendment was agreed to.

The next amendment was, on page 29, line 3, after the word "after", to strike out "June" and insert "July."

The amendment was agreed to.

The next amendment was, in section 6, on page 30, in line 2, before the word "Section", to strike out "(a) Income Taxes"; and in line 5, before the word "and", to strike out "(e)" and insert "(f)."

The amendment was agreed to.

The next amendment was, on page 30, after line 23, to insert:

(e) Taxable years of individuals beginning in 1947 and ending in 1948: In the case of a taxable year of an individual beginning in 1947 and ending in 1948, the tax imposed by sections 11, 12, and 400 shall be an amount equal to the sum of—

(1) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1947, were applicable to such taxable year, which the number of days in such taxable year prior to January 1, 1948, bears to the total number of days in such taxable year, plus

(2) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1948, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1947, bears to the total number of days in such taxable year.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments except committee amendment No. 1, to which an amendment was offered earlier today by the Senator from Arkansas [Mr. McCLELLAN].

Mr. McCLELLAN obtained the floor.

Mr. LUCAS. Mr. President, will the Senator yield to me so I may suggest the absence of a quorum?

Mr. McCLELLAN. Yes; I yield for that purpose.

Mr. LUCAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Byrd	Downey
Baldwin	Cain	Dworshak
Ball	Caphart	Eastland
Barkley	Capper	Easton
Bricker	Chavez	Ellender
Brooks	Connally	Ferguson
Buck	Cooper	Flanders
Bushfield	Cordon	Fulbright
Butler	Donnell	George



Green	McCarthy	Smith
Gurney	McClellan	Sparkman
Hatch	McFarland	Stewart
Hawkes	McMahon	Taft
Hayden	Magnuson	Taylor
Hickenlooper	Malone	Thomas, Okla.
Hill	Maybank	Thomas, Utah
Hoyer	Millikin	Thye
Holland	Moore	Tobey
Ives	Morse	Tydings
Jenner	Murray	Umstead
Johnson, Colo.	O'Daniel	Vandenberg
Johnston, S. C.	O'Mahoney	Wagner
Kam	Pepper	Watkins
Kilgore	Reed	Wherry
Knowland	Revercomb	White
Langer	Robertson, Va.	Wiley
Lodge	Robertson, Wyo.	Williams
Lucas	Russell	Wilson
McCarran	Saltinshall	Young

Mr. LUCAS. I announce that the Senator from Louisiana [Mr. OVERTON] is absent by leave of the Senate.

The Senator from Tennessee [Mr. McKELLAR] is necessarily absent.

The Senator from Rhode Island [Mr. McGRATH], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Maryland [Mr. O'CONOR] are detained on public business.

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. McCLELLAN. Mr. President, I offer to the first committee amendment the amendment which I submitted earlier today and then withdrew in order that the other committee amendments might be acted upon. The amendment was stated at that time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas to the first committee amendment. The amendment offered by the Senator from Arkansas to the committee amendment will be again stated.

The CHIEF CLERK. In the committee amendment on page 6, after line 19, it is proposed to insert the following new section:

(b) Reduction in surtax on individuals and establishment of new method for computation of surtax in case of joint returns: So much of section 12 (b) of the Internal Revenue Code (relating to the rates of surtax) as precedes the table therein is hereby amended to read as follows:

"(b) Computation of surtax.—

"(1) Separate return: Except in the case of a joint return by husband and wife, there shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax determined by computing a tentative surtax under the table set forth in paragraph (3) of this subsection, and by reducing such tentative surtax by 24 percent thereof.

"(2) Joint return: In the case of a joint return by husband and wife under section 51, there shall be levied, collected, and paid for each taxable year upon the aggregate surtax net income of the husband and wife a surtax determined—

"(A) by computing a tentative surtax under a table set forth in paragraph (3) of this subsection upon an amount equal to one-half of such aggregate surtax net income;

"(B) by multiplying the tentative surtax ascertained under subparagraph (A) by two; and

"(C) by reducing the amount ascertained under subparagraph (B) by 24 percent thereof.

"(3) Surtax table: The table referred to in paragraphs (1) and (2) is as follows:—

(e) Standard deduction: Section 23 (aa) (1) of the Internal Revenue Code (relating

to the optional standard deduction for individuals) is amended to read as follows:

"(1) Allowance: In the case of an individual, at his election, a standard deduction as follows:

"(A) Separate return with adjusted gross income \$5,000 or more: Except in the case of a joint return by husband and wife, if the adjusted gross income is \$5,000 or more, the standard deduction shall be \$500.

"(B) Joint return with adjusted gross income \$5,000 or more: In the case of a joint return by husband and wife under section 51, if the aggregate adjusted gross income of the husband and wife is \$5,000 or more, the standard deduction shall be \$1,000 or an amount equal to 10 percent of such aggregate adjusted gross income, whichever is the lesser.

"(C) Adjusted gross income less than \$5,000. If the adjusted gross income is less than \$5,000, the standard deduction shall be an amount equal to 10 percent of the adjusted gross income upon the basis of which the tax applicable to the adjusted gross income of the taxpayer is determined under the tax table provided in section 400."

Mr. McCLELLAN. Mr. President, the amendment which I have offered is one which I gave notice on two previous occasions that I would offer at the proper time during the consideration of this bill. The amendment is technical in its terms, as much of our tax legislation is. If enacted into law, the amendment would simply do justice to the Federal income-tax payers of 38 States of the Nation who are now placed at a disadvantage by the present tax law, in that the citizens of those 38 States are required to pay, on comparative incomes, considerably more Federal taxes, and to bear a heavier share of the burden of supporting this government, than are citizens of 10 of the States of the Union who happen to be residents of States which have community-property laws.

Mr. President, this is not a fight against or a quarrel with States which have community-property laws. No one wants to change their system. No one wants to affect them. This amendment will have no effect whatever, detrimental or otherwise, on the citizens of those 10 States. It will in no way affect the present amount of tax or rate of tax which they are now paying. The amendment would simply place citizens of the other 38 States on a basis of equality with the other 10.

Mr. President, this is not a partisan issue. It is not a sectional problem. The purpose is not to load the bill down with objectionable amendments. Nothing I am doing or undertaking to do is in any sense an obstruction or hindrance to the passage of tax-reduction legislation.

But as we go before the country and promise the people that we are going to reduce their taxes, let us do it equitably. Let us say, "Not only are we going to reduce taxes but along with it we are going to do equity. Simultaneously we are going to remove the injustice and discrimination under which the people of 38 States of the Union have long suffered."

What is wrong with that? Who can object to it? Do Senators from community-property States object? I trust they do not. I do not believe they do. We are not objecting to what they have. I ask my colleagues who live in States like mine, which are penalized, whether they

are willing to let this injustice and discrimination continue to operate against the citizens of their State. I am not.

It may be said that this fight should be made later, or that the amendment should not be offered to the pending bill, but should be offered to some other bill. That argument has been made before, but nothing has been done about the situation. There is a time to right the injustice, and that is when the opportunity is present. The time to do it is at the first opportunity; and this is the first opportunity at this session of Congress, because this is the first tax bill we have considered.

Why is not this amendment appropriate in connection with a tax-reduction bill? It will result in a reduction of the tax, the wrongful tax, as it is at present, on literally thousands of taxpayers throughout the Nation. Why is it not right to make a reduction that will do justice and correct the evil that exists in the present tax law? Why is not that a good reduction to make? Why is it not sound legislation in a tax-reduction bill? Why can we not do justice as we give relief to the burdened taxpayers of this Nation? We can do it. We either will do it or we will refuse to do it; but if we refuse to do it now we will perpetuate this rank discrimination.

I do not propose, Mr. President, longer to be a party to delay. I do not propose to sit here idly and silently and not make a fight to bring to the people of my State the same benefits which are granted to the people of other States.

I am asked how much it would amount to. I shall call the roll of the States and ask the Senators to join me in placing all the States and all the taxpayers of the Nation on a basis of equality and fairness. I ask Senators who represent States such as mine, which do not have community-property laws, to join me. I ask them to join me in correcting the mistake today, now, while the opportunity is present. I am fighting for the people of those States as well as for my own. I am fighting for the right. Why longer delay changing the law?

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield to the Senator.

Mr. KNOWLAND. I should like to say to my able colleague from Arkansas, who brought up the matter last week when we were previously discussing the situation, that I think he will agree with me that there is nothing that would prevent any of the other States from coming under the same provisions of the law, providing they adopt the community-property principle. Is not that so?

Mr. McCLELLAN. Of course, the Senator is correct. But the States have a right to have their own tax system and their own property system. The Senator's State chooses one; my State chooses another. But that does not give the Federal Government the right to discriminate; neither does it give to the Senator from California, nor me, the right, as honest legislators sworn to do our duty to our country, to perpetuate that discrimination and injustice. There is no escape from it, Mr. Presi-

dent. There is no challenge. This position cannot be assailed. We either do justice and correct this mistake or we perpetuate it by not supporting an amendment which will correct it.

Mr. WHERRY. Mr. President, will the Senator yield at that point?

Mr. McCLELLAN. I am very happy to yield to the Senator from Nebraska.

Mr. WHERRY. Following the question asked by the distinguished Senator from California, has the distinguished Senator from Arkansas made an examination with reference to what would be required for all the States to come under the provisions of community-property laws which the Senator from California suggested could be done if they elected to do so?

Mr. McCLELLAN. I will say to the Senator that a number of States, including my own, have undertaken recently to enact community-property statutes because of the discrimination they have suffered. But when that is done the necessity arises of revising the whole property system, and it cannot be done just as easily as merely saying so.

Mr. WHERRY. The simplest way and the most expeditious way would be for the Congress of the United States to permit for purposes of revenue, at least, the Federal Government to recognize partnerships in the different States of the Union as they are recognized in community-property States throughout the land.

Mr. McCLELLAN. The Senator is correct. Does the Senator know that the Internal Revenue Department recognizes the validity of community-property laws, and in the States having such laws husband and wife are permitted to split their income for Federal tax purposes, just as the law gives half the property to the wife, half to the husband, and half of the income to each? That is respected by the Internal Revenue Bureau. In my State the laws authorize a husband to make his wife a legitimate partner in his business, and by so doing she becomes the owner of half of the business and the owner of half the income derived from it. Is that recognized by the Internal Revenue Bureau? No. I give my wife half of my property, half of my business, half of my income, but the Bureau of Internal Revenue, while recognizing the law that divides property by compulsion, disregards and will not recognize and accept for Federal income-tax purposes the law of my State under which I voluntarily give to my wife, without compulsion of law, half of my property and half of my business, and half of my income.

That is the situation which I am trying to correct. It should not exist; it should not be perpetuated. No one can justify perpetuating it or delaying the correction of it another day.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. McCLELLAN. I am glad to yield.

Mr. WHERRY. As I read the second part of the Senator's amendment it is exactly what I have attempted to do in two sessions prior to this one, but the answer has been made to me that the reason the Internal Revenue Bureau has not done this and cannot do it in the immediate future, unless Congress

should authorize it, is that they have begun studies of the community-property provision, and it is now on the agenda in the Committee on Ways and Means of the House. Does the Senator agree that that is true?

Mr. McCLELLAN. I have also had those reports. To me it is almost like saying, "I want to study my alphabet, my A B C's again." It is so simple and plain that a ten-year-old child in the third grade can understand what we are talking about. I know every taxpayer can understand it.

Let me again call the Senate's attention to what the situation is. I have not the difference on every level of income, but these figures will illustrate what I mean and how great is the discrimination.

Let us begin with an income of \$4,000. On a \$4,000 income a citizen of Arkansas or a citizen of Maine pays \$18 more a year Federal income tax than does a citizen of a community-property State. The citizens of both States are American citizens, owing no greater obligation to support the Government than do the citizens of a community-property State. Yet, on that small income they will pay \$18 more tax.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. FULBRIGHT. How much more income tax does the Senator pay on his salary than does the Senator from California?

Mr. McCLELLAN. On the present salary, as an illustration, assuming the salary is \$12,500 a year, or on the basis of a \$12,000 income I pay \$646 more Federal tax than does the Senator from California. I might say that I need that money for my family just as much as does the Senator need that amount of money for his family. All I am asking is that justice be done.

Let me give the Senate some more figures to illustrate the situation. I have just given the figure on \$4,000. On the basis of \$6,000 a year income a citizen of my State is penalized \$114 a year. On the basis of \$8,000 income a citizen, if he is not from a community-property State, has to pay \$266 a year more in Federal taxes.

So we can go down the list. I shall not take time to read all of them; but on the basis of a \$20,000 income, the citizen of a State which is not a community-property State has to pay \$1,881, or \$150-plus a month, more tax than has to be paid by the citizen of a community-property State. Is there a Senator within the sound of my voice who will rise and say there is anything right or just about that, or that he wants to have it perpetuated? Does any Senator want to inflict that penalty, that difference in tax, on the other citizens of this Nation? If Senators do not want that done, then I say to the Senators on the other side of the aisle that today they have the power to correct this glaring inequity. They are in the majority. I am not speaking on a partisan basis; I am talking American justice. I invite all Senators to go along with the amendment and help us adopt it. If Senators believe that the Government

cannot stand the loss of revenue which all these amendments will entail, then when the bill goes to conference let conferees do their duty there and remove the parts of the bill which entail losses in revenue which the Treasury cannot stand now, and leave in the bill this amendment which will do this equity and justice which are so long overdue.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield.

Mr. KNOWLAND. I should like to repeat, because there are now present a number of Senators who were not in the Chamber the other day when I spoke, what I said at that time. I fully appreciate that the situation outlined by the Senator from Arkansas constitutes a real problem, and that the able Senator has a considerable amount of merit on his side of the question, but I submit that there is an orderly way to proceed with it. The able Senator from Colorado [Mr. MILLIKIN], the chairman of the Finance Committee, has indicated that this matter will be one of the No. 1 orders to be taken up when the regular tax bill for next year comes up at the latter part of this year; and the other day I pointed out to my able colleague, the Senator from Arkansas, that there are other inequities which should be considered at the same time.

The Senator from Arkansas has been calling attention to the fact that there is a difference between the taxes which may be paid by persons living in one State and the taxes which may be paid by persons living in another State, but I respectfully submit to him that there is also a difference in the nature of the property because in a community-property State one-half of the income belongs to the wife, not in fiction but in fact.

Mr. McCLELLAN. Mr. President, if I may interrupt the Senator's statement at this point, let me say that I have simply pointed out to the Senator that, although the statement he has just made is true, yet in my State under the present revenue laws, as interpreted and administered by the Bureau of Internal Revenue, it is not permissible to give the wife half of the property and then receive the same treatment that is received in States where there is a community-property law.

Mr. KNOWLAND. But I submit to the able Senator from Arkansas that his amendment will go further than that; it will not only take care of a situation such as he has just now mentioned but it will apply to cases in other States where there is no provision that the wife will, in fact, have one-half of the income and the accumulations during the marital relationship.

Mr. McCLELLAN. I say to the Senator that, however far the amendment goes, it does not go beyond what is granted to citizens living in the State of California. It simply places all citizens on a basis of equality.

Mr. KNOWLAND. Mr. President, will the Senator yield at this point, once more?

Mr. McCLELLAN. I am glad to yield.

Mr. KNOWLAND. I may state for the RECORD at this point, relative to the



alleged inequities relative to the community-property situation, that when a decedent in a community-property State dies, the Federal Government levies an estate tax on the entire community-partnership property, except, first, property received as compensation for personal services rendered by the surviving spouse, and, second, property derived originally from the survivor's separate property.

Suppose a husband and wife in California accumulate a community-partnership estate of \$300,000. The husband does not own \$300,000 of that partnership property; he owns only half of it. The wife owns the other half. For example, she may will her half as she pleases, free of her husband's control. In the event of a divorce, she is entitled to half the property, as a matter of right. The wife's power of testamentary disposition is not a fiction; it is a fact. The Federal Government cannot tell a divorced husband in California that his wife's community-partnership rights are unreal. He knows better.

Under the 1942 estate-tax law, if the husband dies first, the entire \$300,000 is considered as forming a part of his estate. Half of that estate was his wife's, and subject to her right to dispose of it by will; but it falls into the decedent's estate. Thus, in California and other community-partnership States, but only in such States, a deceased husband's estate is taxed on property he did not own and had never owned, property not subject to his testamentary disposition, property not transferred at his death. In the community-partnership States a widow is compelled to pay an estate tax on property that legally belongs to her, has always belonged to her, and is subject to her sole testamentary disposition.

So I call to the attention of my able colleague, the Senator from Arkansas, the fact that the community-property States, where certain rights exist, are also States where certain obligations or liabilities, if we may state the matter in that way, exist, and to extend the same rights to all the States of the Union, without requiring them also to give the same benefits to the wives, would, I think, work an injustice in the other direction.

Mr. McCLELLAN. Mr. President, what business is it of the Federal Government what benefit a State gives to wives? It recognizes the rights of all of them. But when taxes are collected for the support of the Federal Government, in the Senator's State a wife is treated in one way, and in my State a wife is treated in another way. Regardless of which State treats the wife in the best way, the obligation to the Federal Government is not lessened or increased; and there should be no discrimination.

Mr. WHERRY. Mr. President, will the Senator yield to me?

Mr. McCLELLAN. I yield.

Mr. WHERRY. I should like to make a brief observation. What the distinguished Senator from Arkansas says I believe to be true, and I think his contention is unanswerable. I know of a partnership in my State that is not fictitious, that is recognized as a partnership between husband and wife for every

legal purpose which exists in the State of Nebraska, and yet the Bureau of Internal Revenue will not recognize it for purposes of revenue, for the very reasons outlined by the Senator from Arkansas. Senators may attempt to defend that situation, but it is indefensible. The argument of the Senator from Arkansas on that proposition simply cannot be answered.

I think the time has come when if we are going to recognize family partnerships in the community-property States, it is only fair that they be recognized in all the States of the Union.

Mr. President, will the Senator yield for a further question?

Mr. McCLELLAN. I am glad to yield.

Mr. WHERRY. I should like to ask the distinguished chairman of the Finance Committee, the Senator from Colorado, for whom I have the highest regard, whether he can assure those of us who believe in the principle of this amendment to the committee amendment relative to family partnerships, that this matter is on the agenda and that the Finance Committee of the Senate and the Ways and Means Committee of the House really mean that they will take up this subject matter in the proposed new legislation relative to the tax structure, and will at least afford an opportunity to make a study relative to the amendment, so that it will be possible to write into the statute the very principles about which the Senator from Arkansas is speaking.

Mr. MILLIKIN. Mr. President, I am very glad to answer the question of the Senator from Nebraska. This subject of split income and family partnerships—and they are closely related—is one of immediate interest both to the Senate Finance Committee and the House Ways and Means Committee. The House Ways and Means Committee has already commenced its studies in preparation of a general revision of the tax laws, and a bill for that purpose will be introduced at the next session of the Congress. The two related matters are at the top of the list of those to be considered. The Secretary of the Treasury recognizes the importance of taking a good look at the situation and possibly having amendments made to the existing law.

I can assure the Senator that in connection with that effort the two committees which have to do with the subject will give the most careful attention to the problem, and with much sympathy.

Mr. WHERRY. Mr. President, will the Senator from Arkansas yield for a further question? I do not desire to impose upon his time, for he is making a wonderful argument.

Mr. McCLELLAN. That is quite all right; I am glad to yield.

Mr. WHERRY. I should like to ask the distinguished chairman of the Finance Committee, the Senator from Colorado, this question: How much is involved in this split-income provision, or what would be the effect this year, in millions of dollars, on the revenue income we are considering in connection with the tax bill?

Mr. MILLIKIN. It would add to the cost of the bill, if we were to put it in

the bill, about \$300,000,000. It would make the cost of the bill about \$4,000,000,000, instead of \$3,200,000,000, and thus would stultify all the representations which have been made as to what the cost of the bill would be.

Mr. WHERRY. I am speaking now only of the family partnership.

Mr. MILLIKIN. Oh, of the family partnership.

Mr. WHERRY. Is that the figure—\$800,000,000?

Mr. MILLIKIN. There is no figure on that, because to determine under the present law what should be exempt from taxation and what should be taxed requires the consideration of every partnership case, and that is probably the reason why accurate figures are not available.

Mr. WHERRY. If I referred to the joint returns between husband and wife, would the Senator have the figure?

Mr. MILLIKIN. Yes.

Mr. WHERRY. What is that figure?

Mr. MILLIKIN. Eight hundred million dollars.

Mr. WHERRY. So that, in reality, it would mean a cost in revenue of \$800,000,000?

Mr. MILLIKIN. That is correct.

Mr. WHERRY. Will the Senator from Arkansas yield a moment more?

Mr. McCLELLAN. I yield.

Mr. WHERRY. I am grateful for the comments by the chairman of the Committee on Finance, because I do not want to stand in the way of the enactment of a piece of legislation which will carry out a tax-reduction program that will be beneficial to the class to whom we pledged our support. On the other hand, I wish to emphasize that I have introduced a bill which, so far as the joint returns are concerned, is identical with the amendment proposed by the Senator from Arkansas. I introduced that bill in two sessions of Congress. I believe in it. I think it is absolutely right in every particular. I cannot see any objection to it. I cannot understand how the Internal Revenue Bureau, when a legal partnership, legal for all practical purposes, is set up in a State, should take the position that it is a fictitious partnership, and should not be recognized as a partnership for tax purposes. So I am caught between two fires. I want to see tax reduction, it is true, but I should like to hear the distinguished Senator from Colorado repeat what he has said by way of assurance. I do not want any promises which are out of reach, and I do not want an indication that we might do so and so, but if the distinguished and respected Senator from Colorado will assure me that the legislation I have proposed is on the agenda for the second session of this Congress, that we will have an opportunity to present the proposal and consider it, that the Department is serious about it and is not misleading in its promises, I shall be tempted to go along with the distinguished Senator in connection with the pending bill, providing I can get assurance that this matter will be brought to a head within a few months, and that the proposed legislation which the Senator from Arkansas is asking to have enacted will be considered.

Mr. TOBEY and other Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Arkansas yield; and if so, to whom?

Mr. McCLELLAN. I shall yield in a moment; I am not yielding now.

The PRESIDENT pro tempore. The Senator from Arkansas declines to yield at the moment.

Mr. McCLELLAN. I wish to comment on the point the Senator from Nebraska has made, that if he can get assurance that something will be done at the next session of Congress he may be willing to forego action on this matter at this time. That would mean another year of unfair burden. That is the point I am making. There is no sense in postponing and delaying and deferring and procrastinating about an injustice that is as plain as the first three letters of the alphabet, by saying, "Well, perhaps we will get to it next year, or the next, or at some other time." I have just as much confidence in the able chairman of the Senate Committee on Finance as has any other Member of this body. I know he is sincere when he expresses the hope that something will be done about the matter. But, Mr. President, if nothing is done about it, the people in the States affected will have to continue to pay.

Several Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator yield; and if so, to whom?

Mr. McCLELLAN. I promised to yield to the Senator from New Hampshire.

Mr. TOBEY. Mr. President, I wish to say, first, that I share the zeal and desire expressed by the Senator from Arkansas for the adoption of the amendment he has proposed, and I should like to see it incorporated in the bill. I listened to his colloquy with the distinguished Senator from Colorado, and to the answer made. The Senator from Colorado said very frankly, "I give you my assurance that we and the members of the Ways and Means Committee will consider this matter with the greatest of sympathy."

Mr. President, that is a little bit of progress. But sympathy is reserved for cases where there are dead ones, those who have passed on. What we want is not sympathy. We do not want flowers; we want an affirmation that our friends think this is a good piece of legislation, that they will approach it with zeal and great expectation. I suggest the slogan from the Senator's State, "Eventually, why not now?" I pass that on to the Senator from Arkansas.

Mr. McCLELLAN. What the Senator wants and what I want is a reduction in taxes, not sympathy.

Mr. FULBRIGHT. Mr. President, will my colleague yield?

Mr. McCLELLAN. I yield to my colleague.

Mr. FULBRIGHT. On the point raised by the Senator from Nebraska, about the matter being considered at another time, there are two reasons why I think that is a vain hope. I should like to point out to the Senator from Nebraska, concerning the hope and prospect of the consideration of this matter at the next session, in the first place, the only

chance for us to get effective action, as a practical matter, is when taxes are being substantially reduced, and reduction of taxes is the purpose of the pending bill. If we do not do now what is here proposed, I do not think there is much hope in the expression of sympathy of the chairman of the committee, because it would be very unlikely that the committee would come in next year with a bill substantially reducing taxes.

Secondly, I wish to call attention to the fact that the delaying tactics have been in evidence since 1921. I have a letter signed by Colin F. Stam, the chief expert of the joint committee, in which he says that since 1921 there have been several attempts in Congress to eliminate the tax discrimination enjoyed by those living in community-property States, and each time it has been proposed and defeated it has always been made a subject of further study. That means 26 years of the same tactics, and there is a very faint hope of getting action if the matter is postponed at this time, an occasion which seldom comes to us, that is, when there is opportunity for substantial reduction of taxes.

I submit that the way to accomplish what is desired would be to adopt the pending amendment, and couple with it a slight differential in the reduction of exemptions. In that way there will be achieved exactly the same purpose the committee bill achieves in the distribution of the benefits.

It is true that the pending amendment by itself, without any other reduction, gives a greater advantage, I think, to those in the higher brackets than any of us desire. But coupled with some adjustment in the lower brackets, we would reach a result just as equitable as that accomplished by the committee bill.

I also point out that on February 5 I submitted a resolution concerning this subject; but the committee gave no study to it whatever, in fact, paid no attention to it at all. While I know the chairman of the committee is very sincere in his offer to consider the matter next year, I think it is entirely beyond his capacity to give any serious consideration to it, because it is unlikely that there will be any effort to reduce taxes next year.

Mr. McCLELLAN. I merely wish to implement what my able colleague has said by adding that once we reduce taxes, and say that this is as far as we can go, all we will get from here on will be sympathy. If we can reduce them next year an additional \$800,000,000, we can reduce them \$800,000,000 now.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. I wish to make it clear that interest, active interest, in this matter is not something for the future. I may say that personally I have been in touch with the Treasury rather frequently within the last few weeks on the family income matter. I have had personal conversations with the officials. The House Ways and Means Committee is not going to start next year, it has already started, the consideration of this matter. It has had the Secretary of the

Treasury before it. We propose to reduce taxes again next year. This is not a mere buck-passing affair. We have an earnest intent to clear up inequities in our tax system early next year.

Mr. FULBRIGHT. I hope so. The record shows the earnest intent has persisted for 26 years.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. The Senator surely knows that during the war was not a proper time to go into a general revision bill. We had to confine ourselves to raising taxes, not reducing them. The first moment that an appropriate occasion presented itself to lower taxes we moved; and we are moving. It is not a matter of theory; it is not something we are going to do next year. We are under way right now.

Mr. FULBRIGHT. I do not mean the Senator himself; but, beginning in 1921 and continuing throughout the twenties, when taxes were to be reduced, the matter was always postponed. I do not refer to the distinguished Senator from Colorado.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from Nebraska.

Mr. MILLIKIN. Mr. President, will the Senator from Nebraska yield to me for one brief statement?

Mr. WHERRY. Certainly.

Mr. MILLIKIN. As I recall, Arkansas at one time was a community-property State.

Mr. McCLELLAN. I do not recall that.

Mr. FULBRIGHT. I have the complete history of it here.

Mr. McCLELLAN. It was before my time. I know that the taxpayers of my State have never had the benefit of it during the time I have been paying taxes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. McCLELLAN. Yes.

Mr. WHERRY. To me, it seems a matter of small moment whether it was ever a community-property State or not. I think there is a gross inequity, and I think the arguments advanced by the distinguished Senator from Arkansas are unanswerable.

Mr. President, will the distinguished Senator from Arkansas permit me to ask the distinguished Senator from Colorado another question?

Mr. McCLELLAN. I am glad to yield.

Mr. WHERRY. I should like to ask the Senator whether or not we shall have reasonably prompt consideration of the legislation? Is the Senator in a position to state now whether or not it is on the agenda of the Committee on Finance of the Senate?

Mr. MILLIKIN. I may say to the Senator, without question, it is on the agenda of the Committee on Finance for consideration in connection with the next revenue bill, without any ifs, buts, or maybes. I necessarily must exercise a decent restraint in talking about what the Ways and Means Committee of the House is going to do, but I know it is on the agenda of that committee.



Mr. WHERRY. Is it being studied now, in preparation for the tax bill, revising the entire tax structure, which we expect to take up in the second session of the Eightieth Congress?

Mr. MILLIKIN. This specific subject has already been raised before the House Committee on Ways and Means by the Secretary of the Treasury.

Mr. WHERRY. If the Senator will yield for one more question, I should like to ask the distinguished Senator from Colorado whether or not the Treasury Department looks with favor upon the pending amendment?

Mr. MILLIKIN. I am inclined to believe—

Mr. WHERRY. I am asking the Senator whether or not he knows.

Mr. MILLIKIN. I know that Mr. Surrey, of the House legislative counsel, is actively in favor of an amendment of this kind, and I know that the Secretary of the Treasury has said nothing adverse to it, but has urged that the matter receive prompt study in connection with the general revision bill.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield to the Senator from Illinois.

Mr. LUCAS. I should like to point out one thing in connection with the argument that is proceeding. We are talking about a reduction of taxes next year. No doubt it is the intention of the majority party to do exactly what the able Senator from Colorado says. But I point out that no one can foretell the conditions of this country and of the world a year from now, when it is planned to start the tax reduction program. If Senators are really interested in the community-property tax amendment offered by the Senator from Arkansas, it would be better for them not to put off until tomorrow what they can do today.

I repeat, it is thought we are going to have a tax bill next year; but we may and we may not have a reduction of taxes next year. Looking at the matter from that standpoint, I shall support the Senator's amendment. However, I should like to indicate to the Senator what his amendment to H. R. 1 does.

House bill 1 in my judgment is designed primarily to assist taxpayers in the higher income-tax brackets and in the middle income-tax brackets. Certainly, as originally proposed, H. R. 1 was designed primarily to assist those in the higher brackets. With all due deference to the House, the Senate, by its amendments, has improved the measure. But the moment the Senator's amendment is attached to H. R. 1, further aid will be given to those in the higher income-tax brackets and in the middle income-tax brackets, a further benefit will be conferred upon taxpayers in the middle and higher income-tax brackets, to which they are not entitled. The only danger in the Senator's amendment is that a further advantage is given to those not entitled to receive it.

Mr. McCLELLAN. The Senator says they are not entitled to it. Does the Senator mean "not entitled"?

Mr. LUCAS. No; I do not mean that.

Mr. McCLELLAN. The Senator means it will be given to persons who do not need it so much?

Mr. LUCAS. That is correct.

Mr. McCLELLAN. That is, to persons who need it less?

Mr. LUCAS. They are entitled to it, but it does not square, so far as equity is concerned, with H. R. 1, when it is amended, because it gives too much. That is why I offered in committee a substitute for the bill, increasing the exemptions, splitting of family income doing the very same thing that the Senator wants done; and in addition, taking two points off each and every one of the surtax brackets. In that way there is a leveling-off process which gives the taxpayers equitable treatment.

Mr. McCLELLAN. I thank the Senator from Illinois, and I want to say to him that I intend to support his substitute, in the event certain other amendments are not adopted. The one thing I dislike about the Senator's substitute is that it does not go quite far enough in raising personal exemptions. I appreciate his position. I should like the exemptions to go even higher than is provided by the amendment which I intend to propose, but I realize it cuts into the revenue to such an extent that it is inadvisable to go higher at this time.

Mr. LUCAS. That is exactly the point. What I have tried to do in the substitute I intend to offer is to keep the total amount taken from the Treasury at a level comparable to that which H. R. 1 would establish.

Mr. McCLELLAN. In other words, the purpose would be to achieve about the same reduction?

Mr. LUCAS. That is correct. My bill would level it off, rather than to give benefits to taxpayers within certain brackets that I do not think they should have. At the same time, it would give the family the advantage of paying taxes on the basis of a split income as between husband and wife, as they are now permitted to do, if living in a community-property State.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. I may remind the distinguished Senator of certain observations which have been made to the effects that this matter has been up for consideration a number of times, but that nothing has happened. My attention is invited to the fact that it has been up, but, in the form in which it was proposed, it was designed to equalize conditions by imposing a tax on the community-property States, instead of accomplishing the same purpose by granting a benefit to the non-community-property States, and that landed us in a lot of trouble.

Mr. McCLELLAN. I am not so familiar with the history of it; such attempts may have been made. My thought in weighing this matter was that we have no quarrel after all with community-property States. I do not want to put any more taxes on the community-property States, but I do not want this disadvantage perpetuated against the people who do not live in community-property States.

Mr. President, the arguments are again heard about postponement. I can appreciate the sincerity and the interest of the able Senator from Colorado, and the hope that the bill in its present form may be passed, now, in order to avoid creating a greater loss of revenue to the Treasury Department; but, Mr. President, if there is to be one dollar of tax reduction now, the best way, the proper way, and the way which has the strongest appeal from the standpoint of justice and honest legislation, is to correct inequities first, putting everybody on an equality, and then to enact further reductions in accordance with justice and ability to pay. Let all people share this tax burden alike. Let us not keep the payment of Federal taxes out of balance. In carrying the heavy burden of Federal taxes let us not place one man on the short end of the log stick and another on the long end. We sometimes hear the expression "log-rolling" in connection with legislation. From practical experience I know what log-rolling really is. I refer to the old log stick by means of which men used to carry logs and on which they would roll them when piling them for burning in the new ground clearing. The stronger man was given the shorter end of the stick, while the one on the other end of the stick, if he was a weaker man, was given the longer end. But in respect to tax legislation men should be placed on an equality. Two men with the same equal income should undertake to carry the burden of government equally. But today the log stick of taxation has a long end and a short end. In tax matters men of equal strength and ability should carry the log of government with equal length of the tax stick. Inequalities in that respect should not be longer tolerated.

Mr. President, I was reading a table showing how much more tax was paid in the non-community-property States. I now want to call attention to the percentage differences. On a \$5,000 income an individual living in a non-community-property State pays 3.33 percent more tax than a person with similar income in a community-property State. On a \$10,000 income an individual in a non-community-property State pays 18.56 percent more tax than an individual with a \$10,000 income in a community-property State. On a \$15,000 income, Mr. President, an individual in a non-community-property State pays 28.31 percent more tax than is paid by an individual receiving the same income in community-property States. On a \$25,000 income an individual in a non-community-property State pays 40.59 percent more Federal tax than an individual receiving \$25,000 in a community-property State. Such differences in income-tax payment cannot be defended, Mr. President.

Mr. President, I shall call the roll of the States. I want to appeal to Senators from non-community-property States who want their people relieved from the tax injustice under which they suffer, and Senators from the community-property States who are willing to say with me today that this tax burden

ought to be equal and that justice ought to be done, to vote for my amendment.

Mr. President, it is said that adoption of my amendment will result in a greater loss of revenue than the Government can stand. If that should be found to be true, all that is necessary to be done when the bill goes to conference is to make other reductions so as to provide for this loss which is necessary to do equity and justice. That can be done, and it ought to be done, Mr. President.

The first State alphabetically is Alabama. Alabama is a non-community-property State. Therefore, the taxpayers of Alabama are suffering the discrimination of which I have been speaking.

The next State is Arizona. Arizona is a community-property State. It ought not to complain about my proposal. It ought to be willing that we not increase the tax paid by its citizens, that we not increase their burden. The people of Arizona should agree with us that we ought not to carry a greater part of the burden than is our share.

The next State is my own, Mr. President. Last year the taxpayers of my State paid \$5,000,000 more Federal income tax than did the people of a community-property State, for the same number of individuals in the same income category. The taxpayers of my State were penalized \$5,000,000 last year. Mr. President, I will not vote to perpetuate such a condition on my people. If I did I would hardly feel worthy of continuing to represent them. They are entitled to representation here, and they are entitled to that quality of representation which will protect their interests. I will try to see to it that they are not discriminated against, and that they are not compelled to carry a burden greater than the burden carried by other American citizens. I shall try to protect Arkansas today, try to do justice to her citizenship and to my constituents, and I am calling on the Senators of other States to join with me in bringing about this reform of our tax law.

The next State is California. California is a community-property State. I do not think the citizenship of California wants to deny to Arkansas and other States equal justice under the law. I am asking the Senators from the State of California to join me today in the vote on my amendment. If they vote in favor of the amendment they can go back home and face their constituents knowing that they have done the right thing. Senators from California will not hurt their own citizens by voting for my amendment. But if Senators perpetuate this injustice, then, in my judgment, they will have done wrong toward the people of all the 48 States. It is not doing the right thing to perpetuate this injustice, Mr. President.

I continue the roll of the States. Colorado, Connecticut, Delaware, Florida, Georgia. Those States do not have the community-property law. In proportion, they are penalized just as the people of my State are. I call upon the Senators from those States to help me this day, this hour, to take that unjust tax burden off the taxpayers of their people. I believe this is the time for action, this is the place, and this is the op-

portunity. I do not know whether some tomorrow will bring another opportunity. There are many slips between the cup and the lip, Mr. President, world conditions being what they are today. Who knows whether there can be a tax-reduction bill passed again next year. I am not willing to take the risk of delay. I know action can be taken now, and it ought to be taken now.

Mr. President, the next State on the list is Idaho. Idaho has a community-property law. I invite the Senators from Idaho to join me in this effort to do justice to the people of other States who do not have a community-property law. After the Senators from Idaho have voted for the amendment which would equalize the tax burden, could they not go home and face their people without need for apologizing to them? Not only can they do it without apologizing, but they can do it with a sense of pride in having helped to correct a grievous wrong. New legislation is constantly being offered and passed when we find weaknesses and injustices in existing law, or when we find it necessary in order to correct an unjust situation. We have a bill before us now to which my amendment is germane. My amendment is in harmony with the whole spirit, purpose, and objectives of the bill, which are to equalize the tax burden, and to give some tax reduction.

The next State is Illinois. I am happy to know that at least one Member of the Senate, one of the Senators from Illinois, is joining with me in this fight. I am happy to know that he is not willing to perpetuate the existing injustice, or remain silent or inactive. He wants to take care of the people of his State.

The next State is Indiana. Then comes Iowa, and then comes Kansas—States in the Middle West. Oh, Mr. President, this is not a question of partisanship. It affects Republicans and Democrats alike. It does not matter whether the State went Republican or Democratic in the last election. The tax injustice still exists.

The next State on the list is Kansas, followed by Kentucky. I certainly hope that I shall have the support of both Senators from the State of Kentucky on this nonpartisan issue. One of them sits on the side of the minority, and the other on the side of the majority. Let them join hands on this nonpartisan issue and cast their votes as representatives of the citizens of the great State of Kentucky to right a wrong against their people. I could cite a number of other like illustrations, but I mention this example because the minority leader comes from the State of Kentucky.

The next State is Louisiana. By the way, Arkansas is almost surrounded. To use a slang phrase, we are in a "heck of a fix." We have south of us the great State of Louisiana, which is a community-property State. West of us is the great State of Texas, which has a community-property law. To the north and west is the great State of Oklahoma. A number of the citizens of my State have their businesses in Arkansas and live across the line in the State of Texas. I cannot blame them, although I would not want to leave Arkansas. By doing so,

every 4 years they save enough in Federal taxes to pay an entire year's Federal tax on their income. Can we blame them? That is the result of the present discriminatory situation. We are almost hemmed in. The situation can be corrected, and it ought to be corrected now. It is not a sectional question.

The next State is Maine. I certainly hope that the majority leader [Mr. WHITE] and his colleague [Mr. BREWSTER], both of whom sit on the other side of the aisle, will be willing to correct this injustice against the people of Maine. Why not? It is said, "We will try to do it next year." As my able colleague [Mr. FULBRIGHT] has indicated, according to the record this condition has been in existence since 1921. We are always going to do something about it, but we never get to it. Now the war is over. Of course, during the war we had to suffer many inconveniences. But, now, we are in the process of trying to get back to as nearly normal a peacetime basis of taxation and cost of government as conditions will permit. I hope that the able majority leader, representing the State of Maine, and occupying the position which he occupies in this body, will join with me in the fight to adopt this amendment, and treat the wives and husbands of the State of Maine as wives and husbands are treated in other States.

The next State is Maryland. I hope I shall have the support of both Senators from Maryland.

The next States in order are Massachusetts and Michigan. The condition of which I complain exists from East to West, from Midwest to South and North. It is not sectional. I am not pleading only for Arkansas or the South. The condition of injustice reaches from the tip of Maine to the other extreme of the country.

Let us correct the situation now. I remember the old hymn, Why not? Oh, why not tonight? Why not? Oh, why not today? I cannot sing. I cannot carry a tune. However, I should like to have my colleagues, immediately following the quorum call, hold a protracted meeting and sing, "Why not? Oh, why not today?" "If thou wilt be saved, then why, oh, why not tonight." If my colleagues will correct this wrong, then "why, oh, why not today?" There is no answer to the argument.

I proceed with the roll call. The next State in order is Minnesota, followed by Mississippi, Missouri, Montana, and Nebraska. I hope that I may have the support of the Senator from Nebraska [Mr. WHERRY], who has indicated a deep concern for the welfare of the people of his State. I can remember that during the singing of the hymn, Why not? Oh, why not tonight? at the revival meetings there would be a call for mourners. I say to my able friend the Senator from Nebraska, "Why not? Oh, why not today?" If he feels penitent for the penalty which is imposed on the taxpayers of his State and he wants to correct the situation, he has the opportunity. Let us do it today.

I continue to call the roll. Nevada has a community-property law. New Hampshire has not. I was glad when the



senior Senator from New Hampshire [Mr. TOBEY] evinced his interest a while ago. He said that he did not want promises or flowers in the future, or sympathy. What he wanted was relief, and he wanted it now. I hope he will join with me.

Next we come to the State of New Jersey. New Jersey is not a community-property State.

New Mexico is a community-property State.

Then we come to the great State of New York. I have not checked, but I wonder how much taxes the citizens of New York pay in excess of what they would have to pay if they were treated as citizens of community-property States are treated. Both Senators from New York should be concerned and interested and desirous of helping to rectify this condition.

Next comes North Carolina, followed by North Dakota and Ohio. I wonder if the two Senators from Ohio would not like to help in this effort. Why not?

The next State is Oklahoma, which is a community-property State. Oregon is a community-property State.

The citizens of Pennsylvania pay an enormous amount in taxes. They are under this burden and cloud. Let the Senators from Pennsylvania join with me in obtaining justice for the citizens of that great State.

The next States in order are South Carolina, South Dakota, and Tennessee. Every one of them ought to be in this fight. If Senators from those States will join hands with me, in a few hours we shall have this legislation on the way to enactment. If the bill finally becomes law, justice will have been done.

Next is the great State of Texas, a community-property State. Utah, Vermont, and Virginia are not community-property States.

The State of Washington is a community-property State. West Virginia is not. Wisconsin is not. Wyoming is not.

Mr. President, I have called the roll of the States. I do not think there should be one dissenting vote. The vote should be unanimous, Mr. President, because the Senators from community-property States should not be willing by their votes to continue this condition. Certainly every Member of this body whose people are discriminated against and are suffering because of the discrimination should take advantage of this drive to reduce taxes, this first opportunity to have a tax-reduction bill at a time when taxes are at the highest peak ever known in the history of the Nation. Here is the opportunity. I should think everyone would be willing and anxious, Mr. President, to join in this fight and make certain that there shall be no slip; that the cup shall reach the lip before the contents of it may be spilled and there be no room left for the incorporation of this provision in some other bill.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield to the Senator from South Carolina.

Mr. MAYBANK. When I entered the Chamber the Senator from Arkansas was

making the statement that Arkansas paid more tax than did the community-property States. Did the Senator previously mention the amount of income taxes Arkansas paid?

Mr. McCLELLAN. In 1946 I believe the personal income taxes amounted to \$65,000,000.

Mr. MAYBANK. I am heartily in favor of the Senator's amendment, and I was trying to see how it might affect South Carolina in proportion.

Mr. McCLELLAN. It would make an average of approximately one-thirteenth more taxes paid across the board.

Mr. MAYBANK. Outside of the excess profit taxes, the amount would be approximately \$65,000,000?

Mr. McCLELLAN. Yes.

Mr. MAYBANK. South Carolina paid in the neighborhood of \$100,000,000.

Mr. McCLELLAN. South Carolina would probably be penalized to the extent of approximately seven and one-half million dollars.

Mr. MAYBANK. I thank the Senator. I am very much interested in his argument and I am heartily in favor of his amendment. I merely wanted to calculate in my own mind the savings that would be effected.

Mr. McCLELLAN. Mr. President, I shall not speak longer. The Senate will either adopt or reject my amendment. I do not want to take up more time. I have no purpose to delay the expeditious passage of the measure which is now before the Senate. I shall have another amendment to offer when the time is right, and I shall make some remarks on it, after this amendment is disposed of and I have an opportunity to present the other one. I talked about both of them briefly at the time I gave notice that I would present them. The other amendment has to do with the raising of personal exemptions up to \$750 for single persons and up to \$1,500 for married persons. I have stated many times that there is just one reason for that, and that is that the husband and wife who are earning only \$1,500 cannot pay income taxes except by denying themselves of some of the actual necessities of life. I think the proper approach to tax reduction would be by a combination of these two proposals, first, to correct the injustices which now exist by letting the reduction inure to persons who are now discriminated against, and then by raising the personal exemptions of those persons in the low-income brackets who are most in need of tax relief.

The PRESIDENT pro tempore. The question is on the amendment submitted by the Senator from Arkansas to the first amendment of the committee.

Mr. MILLIKIN. Mr. President, I should like to ask the distinguished Senator from Arkansas if he knows whether any other Senator wants to speak on his amendment.

Mr. McCLELLAN. I think most of the Senators are out for lunch at the moment.

Mr. MILLIKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	O'Daniel
Baldwin	Hawkes	O'Mahoney
Ball	Hayden	Pepper
Barkley	Hickenlooper	Reed
Bricker	Hill	Revercomb
Brooks	Hoe	Robertson, Va.
Buck	Holland	Robertson, Wyo.
Bushfield	Ives	Russell
Butler	Jenner	Saltonstall
Byrd	Johnson, Colo.	Smith
Cain	Johnston, S. C.	Sparkman
Capehart	Kem	Stewart
Capper	Kilgore	Taft
Chavez	Knowland	Taylor
Connally	Langer	Thomas, Okla.
Cooper	Lodge	Thomas, Utah
Cordon	Lucas	Thye
Donnell	McCarran	Tobey
Downey	McCarthy	Tydings
Dworshak	McClellan	Umstead
Eastland	McFarland	Vandenberg
Eaton	McMahon	Wagner
Ellender	Magnuson	Watkins
Ferguson	Malone	Wherry
Flanders	Maybank	White
Fulbright	Millikin	Wiley
George	Moore	Williams
Green	Morse	Wilson
Gurney	Murray	Young

The PRESIDING OFFICER (Mr. DONNELL in the chair). Eighty-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Arkansas to the first committee amendment.

Mr. MILLIKIN. Mr. President, may I ask the distinguished Senator from Arkansas whether any Senator is prepared to go forward in behalf of his amendment?

Mr. McCLELLAN. I understand my colleague, the junior Senator from Arkansas [Mr. FULBRIGHT] wishes to discuss the amendment, but at the moment he is at lunch.

Mr. MILLIKIN. Mr. President, there is great interest in the amendment which the distinguished Senator has offered. There is an obvious discrimination, of a type, between the income taxes paid in community-property States and those paid in other States. It has been a subject of interest in the Congress for many years.

The first approach was to aim the remedy directly at the community-property States. That approach never succeeded. I have been told that the last time it came up in the Senate it encountered a filibuster. But the fact remains that there is a strong claim of discrimination between the two types of States.

During the recent hearings of the Senate Committee on Finance we had the honor of listening to the distinguished senior Senator from Arkansas [Mr. McCLELLAN], the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], the distinguished junior Senator from Iowa [Mr. HICKENLOOPER], and others, in behalf of an amendment similar to that offered by the senior Senator from Arkansas, which is now pending.

The Senate Committee on Finance did not take a light view of the subject. But we were driving toward a single objective, namely, an income-tax-reduction bill. It was perfectly apparent, or so it seemed to us, that we could not achieve that objective and at the same time enact a general revision revenue bill.

There are numerous group inequities in our taxation structure. I believe that the Secretary of the Treasury outlined perhaps 20 of them to the House Ways and Means Committee during the hearings on House bill 1.

Mr. FULBRIGHT. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Did the inequities to which the Senator refer all involve substantial reductions in tax collections?

Mr. MILLIKIN. Many of them involved reductions, many of them involved plugging loopholes, many of them involved achieving greater symmetry in our tax structure.

Mr. FULBRIGHT. It was my impression that mainly they involved the stopping of loopholes, and that there is not involved in any of them a reduction in taxes comparable to that contemplated in curing the inequity which the pending amendment proposes to cure.

Mr. MILLIKIN. I shall be very glad to give the Senator a specific answer to his question. The Secretary of the Treasury, when he recently appeared before the House Ways and Means Committee, in the hearings dealing with the next tax-revision measure, the hearings having already commenced, touched on the following subjects:

He touched on double taxation of corporate dividends. That obviously might involve a reduction in taxes.

He touched on the whole structure of corporate taxes.

Mr. FULBRIGHT. The taxing principle applies equally to all citizens, does it not?

Mr. MILLIKIN. The Senator's point was whether these suggestions touched reduction of taxes, and I am now in process of giving him a specific answer.

The double taxation of dividends definitely involves a reduction of taxes, and to a very large extent.

The Secretary of the Treasury discussed the problems of small business, with the end in view of possibly giving additional exemptions to small business. That would involve a very substantial reduction in taxes.

The Secretary discussed tax-exempt corporations. That might be in the nature, if anything were done about it, of loophole plugging.

The Secretary discussed business-loss offsets.

He discussed the subject of depreciation. Obviously, if greater depreciation were allowed there might be a reduction in revenue.

He discussed discrimination against American business abroad, which, if anything were done about it, would distinctly involve reduction of taxes.

He discussed family incomes, and I wish to read now exactly what he said on that subject. I quote:

Under present law there are inequalities in taxation of families arising out of the fact that couples in community-property States are permitted to divide their community-earned and investment income for Federal income-tax purposes, thereby reducing their taxes under the progressive rate schedule. There are also inequalities arising out of the fact that in all States recipients of invest-

ment income have opportunities for splitting that income among members of the family, whereas in non-community-property States earned income is taxed to the earner. The tax value of income splitting varies with size of income. Couples with not more than \$2,000 of net income, after exemptions, can realize no tax benefit from income splitting, whereas under the graduated rates couples with large incomes may realize substantial benefits. These tax savings have created difficult administrative problems and endless litigation in the field of family trusts, family partnerships, and various other types of property assignments.

Over a period of years the Congress and the Treasury have both considered means of eliminating or reducing the resulting tax inequalities among similarly situated families, but no adequate solution of the problem has been adopted. One limited approach that has been considered in the past would be to eliminate the tax advantages of the community-property system by taxing earned income to the earner and other community-property income to the spouse who exercises management and control. A more comprehensive approach to the problem, which has also received congressional attention in the past, would be to require joint tax returns by husbands and wives. Still another approach, which has only recently been given widespread attention, would be to eliminate tax differences resulting from income splitting between husbands and wives by granting couples in all States the option to divide their combined incomes for tax purposes.

The existing inequalities in taxes on family incomes are significant and call for careful consideration of this problem. It must be recognized that the various solutions that have been suggested would have different but important effects on the revenue yield of the income tax and on the distribution of taxes among different income groups between married and single persons. It is, therefore, desirable to consider the family income problem in connection with any comprehensive revision of the individual tax.

Mr. AIKEN. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Vermont.

Mr. AIKEN. I should like to ask the Senator whether the assumption of the committee that there can be a reduction of \$3,200,000,000 in taxes this year, and also a reduction in the national debt, is predicated on a reduction in appropriations of not less than four and a half billion dollars below the budget estimate.

Mr. MILLIKIN. I should like to say to the distinguished Senator that we cast our bill on a budgetary plan with a view to the Senate's reduction goal of four and a half billion. But, as was pointed out yesterday, and as has been pointed out throughout the whole debate, we can allow a very substantial failure to reach the goal and still have a sound budgetary background.

As to the particular amendment now pending, it would add \$800,000,000 to the cost of the bill. It seems to me that is a conclusive reason for not adopting the amendment at this time, because yesterday we decided that we wanted a \$3,200,000,000 bill. The whole argument turned around that. The whole debate yesterday was budgetary, and the conclusion was budgetary, and if we increased by \$800,000,000 the result we arrived at yesterday, then everything that has been done would have a new aspect, and require a whole new reargu-

ment, and an argument which I should not care to make.

Mr. AIKEN. I thank the Senator for the explanation.

Mr. MILLIKIN. Answering the Senator's question further, among other matters which the Secretary of the Treasury discussed with the House Ways and Means Committee were pensions and annuities. I do not know how it is possible to get into those subjects without detracting from the revenues. There was a question of credit for earned income. That is a revenue-reduction matter. There were allowances for life-insurance premiums and other savings. Those are revenue-reduction measures. There were suggestions regarding capital gains and losses, which would be revenue-reduction measures. There were suggestions as to revision of excise taxes, which most definitely would involve reductions of revenues. There were questions as to the revision of our structure on estate and gift taxes. I do not know just what structural revisions might be contemplated, but I doubt whether anyone would want to increase those taxes, and it might result in reductions. There were questions of social-security taxes, and numerous other technical matters.

I go into all that detail for three reasons: First, to answer the Senator's question specifically; second, to show exactly what the Secretary of the Treasury recommended, so far as the instant matter is concerned; and, third, to doubly emphasize that the House Ways and Means Committee is now at work on all these problems. It is no longer an abstraction, it is no longer something that may be put off until some indefinite future time. It is something which is now occupying the attention of the House Ways and Means Committee; and, as I have said before, Senators may be assured it will receive the very intense consideration of the Senate Committee on Finance.

I should like to repeat what was said in connection with the remarks of the distinguished senior Senator from Vermont. We are talking here about adding \$800,000,000 to the cost of the bill. The Senate Committee on Finance went to infinite pains to reduce the cost of the House bill, to bring it down to \$3,200,000,000, because we wanted to reach a reduction figure that would coincide with the most conservative viewpoint, which I think we did. We considered that issue yesterday, and, I submit, we decided that issue yesterday. I do not mean this in an offensive sense to those who in such good faith and with such earnestness are urging this amendment, but I suggest there would be a degree of irresponsibility were we at this stage, after the proceedings which we have had, to reverse everything we have done and start adding cost to the bill.

The community-property States have an advantage at the present time. If I may ask the Senator from Arkansas, am I far off when I say it is \$150,000,000?

Mr. McCLELLAN. For 1945 it was \$175,000,000. I think it was a little more in 1946.



Mr. MILLIKIN. To eliminate that advantage of \$175,000,000, we must suffer a loss of national revenue of \$800,000,000, and I believe that ultimately we shall, because I do not believe that a discrimination of that kind can be allowed to exist. It will have to be viewed as a tax-reduction measure, but I emphasize that we tailored this bill to give advantage to 49,000,000 income taxpayers, the largest group of taxpayers in the country. It includes every man and every woman who makes an income-tax return. We concentrated on that exclusive objective, because we felt that they have borne, all of them, a grossly inequitable and unfair tax burden, which should be relieved at the first possible moment. We concluded that the moment had come.

When we get away from that general benefit, when we commence to try to solve in connection with this bill all the group inequities which I have listed, yes, when we commence to rectify one of those in connection with the pending bill, then the same considerations of equity require that we undertake to rectify them all. If one of them were to be accepted, there would no longer be an income-tax-reduction bill; there would be an overweighted bill of mixed objectives carrying too much reduction in Federal revenue. But I repeat that if equity requires consideration of the instant amendment, it requires consideration now of all the others. We should, in that event, wind up here with an ill-considered general-revenue revision bill, instead of the pending bill, which is focused on relief for 49,000,000 American citizens. This is not the place to consider the group problems. They ramify widely. The amendment before us ramifies into family partnerships. These in turn ramify into estate and gift-tax matters. It is not something which can be sifted here on the floor of the Senate. I suggest that we should repel that kind of action.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. Gladly.

Mr. McCLELLAN. It is hardly fair to say this is not the right way to do it, and that we should repel that sort of action. Certainly the committee had the opportunity to consider these matters. The committee has not been bypassed.

Mr. MILLIKIN. Oh, no. Mr. President, I was not for a moment suggesting that the matter had not been presented to the committee. In fact, at the opening of my statement I said that the distinguished senior Senator from Arkansas appeared and made a very impressive presentation; that we were glad to have him appear; and that we were instructed as a result of his appearance. We were very much interested. But as I said before, we decided to have a bill which confined itself to the principal objective of income-tax reduction. This precluded making a general revision bill out of it. That was the principal reason why we did not approve the Senator's amendment, and that is one of the principal reasons why I suggest it should not be approved here.

I want to point out what is involved in the group aspect of the amendment.

Considering those who would benefit and those who would not benefit under the proposed amendment, I invite the attention of the Senate that in all the States 5,400,000 people would benefit. All the same people would benefit from the pending income-tax reduction bill, although, of course, not so much as if both proposals were to become law. In all the community-property States only 200,000 people would benefit, and in the non-community-property States 5,200,000 people would benefit, in contrast, I repeat, to the aim of the pending bill to benefit 49,000,000 people. If those 4,000,000 or 5,000,000 people are suffering from an inequity, that inequity should be corrected. I am not arguing against the correction of it. I am simply saying that this is not the time to correct it, and that the time to correct it and the consideration of the correction of it is not indefinitely postponed, but is under way at the present time.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. McCLELLAN. I point out that 5,400,000 people would benefit by the adoption of my amendment, whereas the Senator says the committee bill grants a benefit to some 49,000,000. My amendment takes no benefit from the 49,000,000 whom the bill sponsored by the Senator is proposed to relieve. It only adds to the Senator's bill the removal of an injustice, and that injustice will be perpetuated if my amendment is not agreed to.

Mr. MILLIKIN. Mr. President, I am emphasizing now not an argument against the ultimate acceptance of the Senator's amendment, but I am emphasizing the fact that we are dealing here with a group problem, and by agreeing to the Senator's amendment we would be opening the door for the conversion of the bill into a general revision bill. Under the Senator's amendment a single person living alone would not benefit, and there are many such people. Widows with children would not benefit. Widowers with children would not benefit. Children with dependent parents or other close relatives would not benefit. Couples whose income is now being received by husband and wife in approximately equal proportions would not benefit.

Mr. McCLELLAN. Mr. President, will the Senator again yield?

Mr. MILLIKIN. Gladly.

Mr. McCLELLAN. The Senator says those whom he just mentioned would not benefit by the adoption of my amendment. They would not be harmed by the adoption of my amendment, and the pending bill does grant benefits to them.

Mr. MILLIKIN. I will say to the distinguished Senator that I concede they would not be harmed except that when we grant a particular group a benefit the other members of the whole group must bear the cost of it.

Mr. McCLELLAN. I maintain that the bill perpetuates a group benefit which now accrues, and I am trying to quit perpetuating this group benefit to the community-property States.

Mr. MILLIKIN. I understand the Senator's objective, and I hope he will understand that my objective at the present time is to emphasize that this

is a limited group benefit, although it may be considered a highly desirable one.

Mr. TYDINGS and Mr. FULBRIGHT addressed the Chair.

The PRESIDING OFFICER (Mr. Lodge in the chair). Does the Senator from Colorado yield; and if so, to whom?

Mr. MILLIKIN. I yield first to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I appreciate the thought expressed by the Senator from Colorado that if the amendment is adopted the pending measure will take on the nature of a tax bill far more general in scope than was originally contemplated; but, for the record, I should like to ask the Senator a question. He has indicated what his answer most likely will be; but is it not a fact that a man and his wife, or a wife and her husband in a community-property State are now paying less taxes in toto than a man and his wife, or a wife and her husband would pay on a similar income in a non-community-property State?

Mr. MILLIKIN. The answer clearly is "Yes."

I yield now to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, in reply to the last question I asked, the Senator from Colorado spoke of a number of group problems, but I do not doubt that the Senator realizes that there is quite a difference between the problem we are now considering and one of those he mentioned, dealing with small business, or exemptions for corporation, or double taxation. Those problems apply uniformly to all the States. There is a great distinction between them and discrimination against a group based upon a geographical distribution of the persons, in other words, picking out certain States and saying, "If you live in one of those States, you can have this particular privilege, and if you do not, you cannot have the privilege." So the particular group problem we are now considering is on an entirely different basis from all the others the Senator mentioned, which relate only to practices or particular conditions with regard to doing business, all of which are uniform in every State. That is to say, when it comes, for instance, to the double taxation of corporate dividends, that provision of law applies to all the States. So I do not think it is an admissible premise to treat this particular discrimination as being part and parcel of or just like other group problems. It is very different from them.

Mr. MILLIKIN. Mr. President, I suggest to the distinguished Senator from Arkansas that the heart and core of the argument made upon this amendment is one resting on inequity, on discrimination.

Mr. FULBRIGHT. The discrimination is between citizens of States. That is not the case in any of the other problems.

Mr. MILLIKIN. I suggest to the distinguished Senator that if there is an inequity in our tax structure, it is no less and is no more an inequity because it follows geographical lines or exists over the whole country. What is the dif-

ference, so far as the moving point of the argument is concerned?

Mr. FULBRIGHT. I think there is a great difference. I do not think we have ever at any time in any place in our law, criminal or civil, or in any regulations, made any distinctions based upon citizenship in any of the States within the United States, but in connection with the Federal income tax we have always made distinctions. We make distinctions in the pending tax bill itself. We graduate the tax. We make a man who has a large income pay a higher percentage than a man with a small income. That is one example. We have always admitted that. It is a discrimination, but it is not inequitable, at least we do not consider it to be so. It is acceptable. I cannot think of any case except where community-property laws apply where we discriminate between individuals because one person happens to live in California and another happens to live in Arkansas or in Colorado. Can the Senator cite any other case where we make a distinction and a difference in the burden because of citizenship in a particular State or States?

Mr. MILLIKIN. Mr. President, I regard the distinction as utterly irrelevant. If a citizen of the United States has suffered an inequity, what difference does it make whether he suffers it by reason of State lines or whether he suffers it for any other reason? What is the difference?

Mr. FULBRIGHT. It is not quite clear that the other things the Senator mentioned are inequities. They certainly are not so clear to my mind as being inequities, as that the situation covered by the pending amendment is discrimination because of citizenship. When I suggest such a matter as double taxation of dividends I am not at all sure that that is a case of an inequity in the sense that the matter under discussion is. Double taxation is a matter of policy just the same as is graduation of taxes. We make one who receives more money pay a higher percentage than one who receives less. Is that an inequity? I do not know. I do not think we can bring great moral questions into the type of thing which is a matter of fiscal policy. But that certainly is not true of the matter under consideration.

Mr. MILLIKIN. I invite the Senator's attention to the fact that so far as double taxation of dividends, or the 15 or 20 other things which I mentioned awhile ago are concerned, the person who suffers those impositions cannot escape suffering them by moving into another State. No matter where he is, he suffers those impositions, whereas there is some relief from community-property discrimination, first by not remaining in States not having such a law, which I do not recommend, and second, by the States themselves taking corrective action, which the State of Arkansas did at one time, and then abandoned.

Mr. FULBRIGHT. Then the Senator thinks that this matter is not so serious because we could all move to Texas or any other State, if we wanted to? That would be a form of relief, but I do not see that that would be appropriate.

Mr. MILLIKIN. I am not going to adopt the Senator's geographical argu-

ment and commence to discriminate on the basis of where it is most desirable to live. I invite all Senators to come and live in Colorado.

Mr. FULBRIGHT. If Colorado had a community property law, perhaps more of us could afford to go to Colorado.

I do not believe the Senator has recognized my point. In the double taxation case mentioned by the Senator, all the persons involved, wherever they live, are treated the same. There is no inequity as between them, whereas in this case a man with exactly the same income, living a hundred yards across the State line, must pay a great deal more, under exactly the same circumstances. That is not a principle that has ever been admissible in any case of which I have ever heard.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. HATCH. I merely wish to point out to the Senator from Arkansas that the alleged discrimination to which he refers does not arise by virtue of a State line. The discrimination arises by virtue of a system of ownership of property. Taxes have always been related to the ownership of property. I think the Senator from Arkansas is quite unfair in saying that it is merely a question of crossing State lines. It is not. It is a question of where the title and ownership of property or the title and ownership of income is vested. That is the question.

Mr. FULBRIGHT. I disagree with the Senator. A moment ago there was cited the case of taxation in my State on partnerships. There have been a number of cases in which the husband gave the property to the wife. He paid a gift tax on it and went through all the formalities of transferring the property; and yet, because it is in Arkansas, even after going through that procedure the Bureau of Internal Revenue will not recognize the partnership as valid. The ownership is just as valid under the State law of Arkansas as it would be under the laws of Arizona, New Mexico, Texas, or any of the other community-property States. In other words, after going through all that trouble and paying a gift tax, we cannot achieve in Arkansas the same result which is automatic in a community-property State. I submit that the differential mentioned by the Senator does not hold.

An illustration relating to estate taxes was given by the Senator from California. According to the Senator from California, in the case of the estate tax the principle is not recognized. To me that indicates that the Bureau of Internal Revenue realizes that the principle is a fiction and a fraud. It is a fraud in the sense that it distinguishes between citizens of the country, and therefore the Bureau will not go quite so far as to recognize the principle in the case of an estate tax.

Mr. HATCH. The illustration which the Senator from Arkansas has just cited does not relate to a discrimination as between States. The vice which he points out lies in the ruling which has been made by the Bureau of Internal Revenue. What the Senator from Arkansas should do if he wishes to correct that error is to introduce and sponsor a

simple measure providing that any partnership in the State of Arkansas between husband and wife which is valid and legitimate under the laws of his State shall be treated in exactly the same way, for purposes of taxation, as are valid and legitimate partnerships in the community-property States.

Mr. FULBRIGHT. That is exactly what this amendment would accomplish.

Mr. HATCH. I do not understand that that is what the amendment would accomplish. If I correctly understand the amendment—and I should like to have some light on that question—the amendment does not relate to the formation of marital partnerships. Am I correct?

Mr. McCLELLAN. Mr. President, will the Senator from Colorado yield to me?

Mr. MILLIKIN. I yield.

Mr. McCLELLAN. The amendment would have the same effect as though the partnership existed in the Senator's State under the community property law. But if this amendment fails, then the only recourse I have to help those who have formed partnerships is to offer an amendment, which I have prepared, to compel the Bureau of Internal Revenue to recognize legal partnerships between husband and wife in my State. However, if this amendment should be adopted—and it ought to be agreed to, so as to treat everyone alike—the need for the other amendment would no longer exist.

Mr. HATCH. Mr. President, will the Senator from Colorado yield to me so that I may make an inquiry with a view to gaining a correct understanding of the amendment?

Mr. MILLIKIN. I yield.

Mr. HATCH. Am I to understand that the pending amendment would permit husband and wife to divide their income, each paying a tax upon their separate income, without regard to any partnership or ownership of property or ownership of income?

Mr. McCLELLAN. That is what it would permit. It would permit the splitting of income, just as it is permitted in the Senator's State.

Mr. HATCH. The point I am trying to make clear is this: When the Senator proposes, by this amendment, to permit a husband and wife to divide income without relationship to ownership of property, he is basing taxes upon a theory never before applied in the history of taxation.

Mr. McCLELLAN. Let me ask a question about the situation in community-property States. Suppose a man earns \$10,000 a year from his profession, without any investment in property. Is his wife entitled to half that income?

Mr. HATCH. She is the legal owner of half the income.

Mr. McCLELLAN. That is not property. That is income. That is what we are trying to reach by this amendment.

Mr. HATCH. She is the legal owner of it. However, as I understand, the amendment does not make that distinction. Under the terms of the amendment, the wife would not be the legal owner. The husband would still be the owner, and he would arbitrarily divide



the income, without relation to ownership.

Mr. McCLELLAN. The amendment would make her the owner for tax purposes.

Mr. FULBRIGHT. Mr. President, will the Senator from Colorado yield to me to enable me to ask the Senator from New Mexico a question?

Mr. MILLIKIN. I yield.

Mr. FULBRIGHT. I should like to ask the Senator from New Mexico whether his relationship to his monthly salary is any different from my relationship to my salary. Does he really feel that there is any difference? Does he go through any particular formality because he comes from a community-property State? Does he have to hand over half his salary to his wife every month in order to comply with the law? Just what is the difference, in a substantive way? The Senator comes from a community-property State.

Mr. HATCH. Yes. Under the community-property law, my wife is the absolute owner of one-half of my salary.

Mr. FULBRIGHT. What is the practical significance?

Mr. HATCH. In a community-property State the husband is the manager of the community. In the West we have mining partnerships in which one member of the partnership is designated as the manager. That is the best illustration I can give.

Mr. FULBRIGHT. As a practical matter—

Mr. HATCH. I am coming to that. I have encountered many practical cases. When I was a judge on the bench in New Mexico I tried many cases involving a division of income or a division of property as between husband and wife. I have awarded separations when there was no divorce. I have divided the income and the property in half. I have awarded a divorce when the wife was at fault, and she took complete ownership of one-half the property. As a judge I had no power to give it to the husband.

Mr. FULBRIGHT. I do not wish to delay action on the bill too long—

Mr. HATCH. The Senator asked me about practical applications.

Mr. FULBRIGHT. I asked about the Senator's own experience. Does he go through any different dealings with his monthly salary than I do? I doubt it. The Senator pays his bills. He writes the checks. Does his wife have to countersign the checks?

Mr. HATCH. After the family expenses are paid, there is nothing left to divide between husband and wife. That has been the situation for many years. [Laughter.]

Mr. FULBRIGHT. Therefore there is no difference.

Mr. HATCH. Neither one has any ownership.

Mr. FULBRIGHT. As I understand it, there is no difference between what the Senator does and what I do, except that the Senator finishes the year with approximately \$650 more than I have, because he happens to come from New Mexico. That is the main difference. Other than that, there is no practical difference.

Mr. HATCH. Mr. President, I do not wish to consume the time of the Senate unnecessarily. The mind of the Senator from Arkansas is made up. I tried to point out to him a simple way by which the thing he desires can be done. The husband and wife, by a simple contract, can establish a community of property for the payment of taxes and the ownership of income, if they so desire. That would place them upon exactly the same basis as citizens of community-property States. I do not have any preference whatever over other States because I come from a community-property State. I am perfectly willing to accord to every State the same right possessed by those who live in community-property States, providing only that the payment of taxes is based upon the fundamental provision of ownership of property. If we have that, we are equal. But if we adopt a course which has no relation whatever to ownership there is a vast preference over those who have to comply with the community-property law. It is not a voluntary thing, whether we like it or not.

Mr. FULBRIGHT. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. FULBRIGHT. The Senator made the point a moment ago that the amendment would add \$800,000,000 to the cost of the bill. May I suggest to the Senator, since we are committed to tax reduction—the chairman of the committee certainly is—that it is a very simple thing to cure. All we need to do, if this amendment be adopted, is to reduce the percentage of the reduction in the medium and higher brackets commensurately. That would in no way raise the over-all amount of the tax reduction. Is not that correct?

Mr. MILLIKIN. I am sorry. I was engaged in another matter and did not hear the Senator's question.

Mr. FULBRIGHT. I thought the Senator was engaged in this debate.

Mr. MILLIKIN. Will the Senator be good enough to ask his question again?

Mr. FULBRIGHT. The Senator made the point that, if the amendment were agreed to, there would be an increase in the cost of the bill to the Federal Treasury of approximately \$800,000,000. If this amendment were agreed to, would it not be a very simple matter—I am sure it can be figured in a very few minutes—to calculate the amount needed to reduce the percentage of reduction in the medium and higher brackets? It would then be a complete bill. There is nothing very difficult about adjusting or absorbing this amount. I think the Senator knows very well that a large reduction is required, and the only time we will get it is when we are making a substantial reduction. If it is put off until next year there is no hope that it will be effected. While we are setting out to reduce taxes by \$3,200,000,000 it is very easy to absorb \$800,000,000, simply by a change in the percentage of reduction in the higher brackets.

Mr. MILLIKIN. Mr. President, there are several parts to the Senator's question. The first "barrel" of his question involves ease of operation. I should like to suggest to the Senator that it would probably take a week or more for the

technical staff to make the necessary readjustments of the tables of rates and to do everything necessary to bring about what the Senator suggests.

Second, the Senator asks whether it would be possible. I assume that just as we can add we can also subtract. The main question is that we have set out to accomplish an income-tax-reduction bill. We have not set out to accomplish a general revenue revision bill at this time. As has been repeatedly pointed out, it is a limited group that will benefit. Although the amendment may have all the merit in the world, its benefits are limited to a particular class; and it was not our intention to get into group benefits, but to take them up in the prospective general revision bill on which we have started working.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. McCLELLAN. The Senator said that it was not the purpose of the committee to go into group benefits. I ask the Senator if it is not a fact that in the bill the committee has singled out a particular group and has given them a special benefit by increasing the exemption for persons over 65 years of age, and if the committee did not take that into account while this other benefit was not taken into account?

Mr. MILLIKIN. I accept the Senator's correction. I may say that the cost of the additional exemption in behalf of those over 65 years of age is about \$150,000,000. That raises another very practical point. This bill will have to go to conference. We have already taken out the retroactive feature of it. We have interfered with the rate of progression of tax reduction. We have made a number of technical amendments. When the bill is in conference I feel quite confident that the amendment of the Senator from Arkansas, if it were adopted, would not be accepted by the House. Much time would be wasted in a deadlock and we would have difficulty in achieving our goal of getting the bill into operation in ample time prior to July 1.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. FULBRIGHT. I do not understand why the Senator thinks it would not be accepted by the House. Community-property States have more influence in the House than they have in the Senate.

Mr. MILLIKIN. I presume they have influence. I do know that the House wants an income-tax-reduction bill, but I can do no more than ask the Senator to accept my judgment that it would not accept a serious deviation from that objective.

Mr. FULBRIGHT. It is my understanding that in the other House the bill was considered under a rule which provided that no amendment could be offered. I do not think there is any evidence to point to the conclusion that the Senator draws that the House would not accept it.

Mr. MILLIKIN. I am simply saying that this amendment did not find its way to the bill in the House, and I am sug-

gesting that it would not be acceptable to the House.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from California.

Mr. KNOWLAND. Mr. President, we have had an interesting discussion today, and I wish to say again to my able colleague from Arkansas that if the proper amendment is presented at the time when a general tax revision bill is under consideration I shall certainly be glad to join with him in trying to cure the inequities which exist. He has pointed out one inequity. I pointed out another inequity in the matter of estate taxes that apply against community property States. The able Senator from Colorado has pointed out that under the Railroad Retirement Act certain pensions are free from taxation, whereas the pensions of certain other people in public service, such as school teachers and others, are not free from taxation. There are a number of inequities which should be considered by the Finance Committee when the matter is taken up at the beginning of the next session of the Eightieth Congress.

I wish to point out, however, Mr. President, that States which are endeavoring to get the advantages possessed by the so-called community property States should not get them without accepting the responsibilities that accompany them.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I will yield to my colleague from Arkansas.

Mr. McCLELLAN. The Senator was speaking about a number of inequities that should be adjusted. The Senator referred to the liability of the community-property States. That is exactly what we are complaining about and what we are trying to rectify. The liability to the Federal Government for the cost of government is not so high as is the liability of those of us who do not live in community-property States under the practical administration and operation of the present system and law.

Mr. KNOWLAND. Of course, we have a little different view of the situation than has my able colleague from Arkansas. The community-property system was not established or designed to avoid taxes. The community partnership is an ancient practice and a civilized way of recognizing the wife's interest as a partner and co-owner with her husband. It is based on the enlightened social and ethical principle that husband and wife work together as equal partners to maintain their home, and the wife should have, in her sphere, no less than the husband in his, whatever is acquired or gained through the marriage that is due to the efforts, industry, and sacrifice of both, and belongs, therefore, to the marital partnership. Community partnership is older than Federal-income taxation and older than the Nation itself. The original community-property States got their system of property from the Mexican laws. It is, in our opinion, at least, more in keeping with the American

way of life than the common-law system of marital property rights which originated in the Norman-English feudal concept that a wife had no legal existence apart from her husband.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KNOWLAND. If the Senator will permit me to complete my remarks, I shall be glad to yield to him.

I say again to the Senator from Arkansas that if at the next session of Congress, after proper consideration, legislation is reported which will in fact accord to the families and the wives in the non-community-property States the treatment which is accorded to those in the community-property States, I shall be most happy to join with him in seeing to it, insofar as we can do so, that the Bureau of Internal Revenue recognizes that situation.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. McCLELLAN. One thing which I cannot understand on the part of those who oppose this amendment is that they say they will do it next year; but if the Government can stand a \$800,000,000 reduction in taxes next year, it can stand it now. So why postpone it?

Mr. KNOWLAND. I respectfully submit to the able Senator from Arkansas that I think the chairman of the Finance Committee has put his finger on the situation, which is that if we open up the bill at this point, then in all fairness we must open it up with respect to discriminations against the community-property States relative to 1942 estate taxes; and if we open it up that far, then we shall enter another field of discrimination, and we shall have a bill which will be much wider than the able chairman of the Finance Committee feels that the bill at this session of Congress should be.

I now yield to the able Senator from Illinois.

Mr. LUCAS. Mr. President, I should like to remind the Senator that the bill is not what the proponents claim, for, as has been pointed out over and over again, the bill grants special exemptions to a special class—viz, taxpayers over 65 years of age—giving them a special exemption of \$500. So complicated is that particular exemption that in order to meet that situation and to do something for those in dire need over 65 years of age, it was necessary to place all citizens over 65 in the same category, regardless of their financial position. That is one of the inequities the Senator from Colorado pointed out a moment ago. Such a provision is now in the bill. No one has told me thus far why it is in the bill, from the standpoint of equity or inequity; but it is there.

If that is an inequity which should be taken care of, certainly the inequity that is involved in the case of the non-community-property States is much more important, because the people in the non-community-property States have been suffering for a long time from downright discriminatory treatment in the payment of taxes.

I am glad the Senator says that some time, some day, somewhere, in some way, he will be willing to go along and provide for uniform treatment throughout the United States so far as that matter is concerned. But I observe that Senators from the community-property States are always putting off the day when they will take such steps; they are always saying they will wait until tomorrow, whereas they should act now, if they wish to place all the States on a basis of receiving uniform treatment.

Mr. McMAHON. Mr. President, if the Senator will yield to me, I should like to ask a question with respect to the Finance Committee, on which I had the pleasure of serving until the present session: Was there any proposal with respect to dividing into two groups the persons in the 65-year-age group, with one group comprising those of that age who live in the community-property States, and the other group comprising those of that age who live in the non-community-property States?

Mr. LUCAS. Of course there was not. So far as inequities are concerned, Mr. President, if we are going to deal with inequities, the one we are now discussing is the most glaring of all inequities. I refer to the failure of the Congress for 26 years to do anything about the splitting of this Nation on the basis of community-property and non-community-property States.

Mr. McCARRAN. Mr. President, I have offered two amendments to the pending bill, House bill 1, which I intend to propose at the proper time. It is not my purpose to discuss these amendments at length today, but I do wish to call them to the attention of the Senate and of the people of the Nation, and I hope every Senator may find an opportunity to familiarize himself with them before he is called upon to vote on them.

The first of my two amendments has been offered because of my firm conviction that our present system of application of income taxes to corporate dividends is double taxation.

My proposed amendment would deal with this problem of double taxation by allowing each stockholder credit for his pro rata share of taxes paid by the corporation on its earnings. This would not involve any complex formula or any substantial amount of bookkeeping. So far as the taxpayer is concerned, the bookkeeping involved would be negligible; and all that would be required of a corporation would be to report, to all of its stockholders, the amount of taxes paid and the proportion of the total corporate stock, issued and outstanding, which is represented by one share of stock. The taxpayer could then multiply that percentage by the number of shares he held, and he would know exactly how much of the corporate tax he was allowed to take credit for.

I have heard it argued, Mr. President, that in some cases the taxpayer might find that the credit thus allowed him was greater than the tax which he was required to pay, and that he would,



therefore, be entitled to a refund; and that the making of such refunds would be a terribly complicated process. I cannot believe that, Mr. President. The making of such refunds would be in no way any more complicated than the making of refunds on withholding taxes. If the Government has collected from any citizen taxes in excess of the taxes to which the Government is entitled, there should be a refund; and it is not even plausible to argue that the refund to which the taxpayer is entitled should be withheld because it will cost the Government a certain amount of effort to make the refund.

I have also heard it argued, Mr. President, that in seeking to do something about this double taxation feature with respect to corporate dividends, those of us who will support my amendment are only trying to help the rich men of the Nation. That simply is not so. More than half of all the dividends received in the United States are received by people whose total incomes are less than \$5,000 a year. Many of these people live wholly, or almost entirely, on dividends. With the dollar shrunk in buying power, as it is today, many of these people are having great trouble making ends meet. My amendment would give them immediate and effective relief, and relief to which, in equity, they clearly are entitled.

I ask unanimous consent, Mr. President, that the text of my proposed amendment to deal with this problem of double taxation be printed in the *RECORD* at this point, as a part of my remarks, and that the amendment also be printed and ordered to lie on the table.

There being no objection, the amendment was received, ordered to lie on the table, to be printed, and to be printed in the *RECORD*, as follows:

At the proper place in the bill, insert the following:

"Sec. —. Section 23 (d) of the Internal Revenue Code, as amended, is further amended by renumbering the matter now contained therein as clause (1) and by adding thereto a new paragraph as follows:

"(2) The deduction for taxes allowed by subsection (c) shall be allowed to a stockholder of a corporation in the case of taxes imposed upon the earnings of the corporation and paid by the corporation: *Provided*, That such allowance in no case shall exceed that proportion of such taxes bearing the same ratio to the total taxes so imposed and paid as the shares of stock owned by the stockholder bear to the total corporate stock issued and outstanding."

Mr. McCARRAN. Mr. President, the second amendment which I have proposed to the pending tax bill is designed to permit, and to encourage, the plowing back of business profits into increased production, through the expansion, improvement, and modernization of plant facilities. I ask unanimous consent that the text of this amendment be inserted in the *RECORD* at this point, as a part of my remarks, and that it be printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be printed as a part of the Senator's remarks, and will also be printed for the information of the Senate, and will lie on the table.

The amendment intended to be proposed by Mr. McCARRAN is as follows:

At the proper place in the bill insert the following:

"Sec. —. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(bb) Capital expenditures for trade or business: At the election of a taxpayer, all expenditures (subject to limitations prescribed below) paid or incurred during the taxable year for the acquisition, construction, or improvement of any real or personal property to be used in a trade or business. Total deductions under this subsection in any 1 year shall not exceed \$125,000 or 50 percent of the taxpayer's net income as computed without the benefits of this subsection, whichever is the lesser. If in any year expenditures deductible under this subsection are less than the total of such expenditures, the balance may be added to the expenditures of the immediately succeeding year and be considered for the purposes of this subsection as having been made in such immediately succeeding year. Such expenditures shall be allowable as deductions only under rules and regulations prescribed by the Commissioner, with the approval of the Secretary."

"Sec. —. Section 24 (a) (2) of the Internal Revenue Code (relating to items not deductible from gross income) is hereby amended to read as follows: 'Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as provided in section 23 (bb);'

"Sec. —. Section 113 (b) (1) of the Internal Revenue Code (relating to adjusted basis for property) is hereby amended by striking out the period at the end of subparagraph (H), and inserting in lieu thereof a semicolon and by adding after subparagraph (H) a new subparagraph to read as follows:

"(I) for expenditures deducted under the provisions of section 23 (bb)."

"Sec. —. The amendments made by sections . . . and of this act shall be applicable only with respect to taxable years beginning after December 31, 1946."

Mr. McCARRAN. Mr. President, the centralization of industrial power in the United States is growing yearly. One of the factors working toward a constantly greater and greater centralization is the inability of small business to grow in the traditional American fashion.

In a capitalistic democracy such as ours, it is vitally important to have a constant infusion of new blood at the bottom of the business ladder, in all fields of endeavor; and to give those who start new enterprises every reasonable opportunity and inducement to grow.

Our present tax structure does not provide such opportunity and such inducement. The profits from a business which the proprietor invests in new plant, machinery, or equipment, to increase his production, are taxed just as are any other profits. Such expenditures are not deductible expenses in the year in which made. They have to be capitalized, and then the capital expenditure must be amortized over a period of years.

The amendment which I have proposed would permit capital expenditures, within certain limitations, to be allowed as a deduction in computing taxable income. In other words, this proposal amounts to 100 percent depreciation on capital expenditures, within certain limits.

The amendment suggests a limitation of not exceeding \$125,000, or 50 percent of the taxpayer's net income, whichever is the lesser, in any given year.

Perhaps this figure is too high, though I have heard many contend that it is too low. I am particularly interested in helping small business; and if it should be the judgment of the Senate that this dollar limitation should be reduced, I would be content. I do not believe it should go, in any case, below \$50,000 as the maximum limit; but even that would be of some aid to small business, since many small businesses would be greatly helped by the opportunity to make even that much of an expenditure, on a tax deductible basis. However, let me speak a word of warning. If the Congress adopted this principle, it should not, in an excess of caution, set the maximum limitation too low. With costs in all lines as high as they are today, the maximum limitation should be set high enough to provide a real relief and a real benefit.

There is in this country today an excessive demand over supply in many fields, particularly in the field of consumer goods. General tax relief will only increase that demand, without doing anything to increase the supply. The amendment which I have proposed would do something about increasing the supply, since it would provide incentive for expanded production.

This proposal would afford particularly effective relief to the small, unincorporated businessman. The present corporation tax rate ranges from 21 percent to 38 percent, with profits below \$50,000, and rests at 38 percent where profits are larger. The small businessman who is unincorporated runs head-on into an even greater tax barrier, because under the present law a small businessman with an income of \$50,000 pays out more than 50 percent of his income in taxes. Under those conditions, it is almost impossible for a man to build a business.

Big business has the financial contacts—the contacts with banks, with underwriters, with large investors—which enable it to borrow the money it needs for expansion. In many cases, a small businessman has only one source of money, namely, the profits on his business.

This country needs small business. It needs small business that has a chance to grow and play a real part in our economy. But small business cannot grow unless it has the money with which to finance the expansion. And even if a small businessman is able to get the capital he needs from outside his business, he often runs the risk, in getting it, of losing control of his business to outsiders; or, more particularly, to his big-business competitors. My proposed amendment would give him an opportunity to plow back into the expansion of his business some of the profits from that business.

To the precise extent that taxes reduce the funds available for plowing back into a small business, they handicap the growth of small business in general, and continue to assist big business in retaining its superior position.

In considering my proposed amendment, the question immediately arises: What will it cost the Federal Government? Obviously, there will be a reduction in tax revenues, in proportion to the increase of capital investments, for expansion and increased production, which the enactment of this measure would bring about. However, this is simply a taking of depreciation all at once, and therefore no further deductions for depreciation will be allowed in future years. Thus, tax collections will tend to even out, and it is extremely doubtful if in the long run the Government would lose any money. In fact, I anticipate that the gains in taxable production, through the stimulation of business which this measure would bring about, would yield a substantially increased revenue in future years.

The nearest thing to an estimate of the cost of this proposal which I have been able to secure from the Treasury Department—and I secured it only most informally—is that if every corporation in the United States took maximum advantage of this proposal, the estimated revenue collections for the year 1947 might be reduced by approximately \$1,000,000,000.

That sounds like a staggering sum. Bear in mind these facts: The present estimate of revenue for the year 1947 is between thirty-nine and forty billion dollars, so that the maximum anticipated reduction is less than 5 percent. Secondly, it is unthinkable that all the corporations in the United States would take advantage of this proposal to its maximum, since it is a well-known fact that American businessmen do not spend money for expansion of production, for new plant, equipment, machinery, and the like, unless they need it.

However, I have just this to say: The argument that this proposal would cost the Government a billion dollars in anticipated tax revenue presupposes that the amendment would, if enacted, result in increasing by several billions of dollars the capital expenditures for expansion of business and for increased production. I count that one of the strongest possible arguments in favor of the proposal.

I have received many letters about this proposal, from all over the country, since I presented the proposed amendment less than 3 weeks ago.

One of those letters was from Mr. Bernard M. Baruch. In his letter, Mr. Baruch said:

I just want to say that the general purpose of your plan is good. I would rather do something of this kind than to reduce taxes in any other form.

Referring to the text of a statement which I made on the floor with respect to this proposed amendment, Mr. Baruch indicated that he endorses wholeheartedly what I had to say about the effect of the present tax situation on unincorporated small business. Let me quote again from Mr. Baruch's letter:

No unincorporated business can get ahead. It is bad enough for a small incorporated business. That is the quarrel I had as re-

gards the previous tax reduction—that the corporations got the benefit, placing the individual at a greater disadvantage than ever.

Mr. Baruch wrote me that he does not favor any tax reduction at this time; he favors reducing expenditures first and then getting some of our debt canceled. But he adds that—and again I quote from his letter:

Such a plan as yours will stimulate business, thus stimulating volume and bringing our economy more into balance.

I have quoted Mr. Baruch at such length because he is a man whose counsel is always worth listening to.

Mr. President, in addition to Mr. Baruch's letter, I hold in my hand a number of other letters from businessmen in different parts of the country. I have here letters from Cleveland, Ohio; Gold Hill, Oreg.; Reno, Nev.; Washington, D. C.; Wichita Falls, Tex.; St. Louis, Mo.; Las Vegas, Nev.; Chicago, Ill.; Salt Lake City, Utah; New York, N. Y.; San Francisco, Calif.; Kellogg, Idaho; Baltimore, Md.; Nashville, Tenn.; Childress, Tex.; Glendora, Calif.; Keokuk, Iowa; Chelsea, Mass.; and from other places.

I ask unanimous consent that Mr. Baruch's letter and the other letters to which I have referred be inserted in the RECORD at this point, as a part of my remarks.

**THE PRESIDING OFFICER.** Is there objection?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN FINISH & CHEMICAL CO.,  
Chelsea, Mass., April 14, 1947.

Senator McCARRAN,  
United States Senate,  
Washington, D. C.

DEAR SENATOR McCARRAN: According to a news article I just read, you are planning to end the so-called double taxation on certain corporate dividends. I'm writing to commend you on your stand in this matter and to give you a little encouragement if you need it.

We are one of those so-called small businesses who are very seriously affected by this double taxation. This is a closed corporation which was started with nothing, and the owners have never been able to take a cent of dividends out of this company, having plowed back all of their earnings. So all we've had are our modest salaries. Meanwhile, we've paid enormous corporation taxes (that is, enormous for us) and now we'd like to take a little out in the form of a dividend, but having been taxed so heavily on our earnings (as high as 80 percent) we hate like the devil to pay an additional 25 percent.

We feel that our corporation, although very small, does make a decided contribution to the general welfare. We employ about 30 people, all of whom are guaranteed an annual wage, which is higher than corresponding industries pay, and we give our employees annual holidays and pay for all other holidays during the year. There must be thousands of other small firms doing the same thing; that is, closed corporations who are entitled to a little profit as a result of extremely strenuous labors to keep the ball rolling.

I hope that you'll be able to make the other Senators see the light.

Very truly yours,

H. M. DAVIS.

THE HOERNER CORP.,  
Keokuk, Iowa, April 16, 1947.

Senator PATRICK McCARRAN,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR McCARRAN: Below is a copy of an article which appeared in the Chicago Tribune day before yesterday:

"SEEKS TO END DOUBLE TAXES

"WASHINGTON, D. C.—Senator PATRICK McCARRAN (Democrat, of Nevada) Saturday announced he will try to end what he called double taxation upon certain corporate dividends through an amendment to the House-approved bill reducing income taxes.

"McCARRAN said he will offer an amendment to give shareholders credit, on their individual income-tax returns, for taxes paid by a corporation in which such stockholders hold stock."

"The Senate Finance Committee is to begin public hearings April 22 on the House bill, which would reduce individual income taxes by 10 to 30 percent."

You can be sure that you will have the support of the right-thinking people in this effort.

As of even date I have written a letter to both of our Senators, HICKENLOOPER and WILSON, and our Congressman from the First District in Iowa, THOMAS E. MARTIN, attaching a carbon copy of this letter so they will know our feelings in this connection. If there is anything that you think of that we can do out here in the Middle West, please call on us.

Yours very truly,

KARL E. MADDEN,  
Vice President.

THE FIRST NATIONAL BANK,  
Childress, Tex., April 16, 1947.

Senator McCARRAN,  
Democrat, from Nevada, in care of the  
Senate, Washington, D. C.

DEAR SENATOR McCARRAN: I read with much interest an article in the press that you were going to try to end double taxation on certain corporate dividends, and I sincerely hope you can get something done on that.

I happen to be a stockholder in a number of corporations, and, of course, the corporations all pay the tax, and when I get the dividend I have to pay it again, and I never have seen the justice in this.

Yours very truly,

J. M. CREWS.

ALBOURNE RANCHO,  
Glendora, Calif., April 17, 1947.

HON. PATRICK A. McCARRAN,  
United States Senate,  
Washington, D. C.

DEAR SENATOR McCARRAN: In the Reno Evening Gazette of April 12, I noticed an article regarding a tax amendment submitted by Senator P. A. McCARRAN, of Nevada, which would exempt from taxation money received by stockholders from corporate earnings on which a tax has been paid by the corporation. This is similar to the English form of taxation that has been in effect for some years past. I think your amendment is a splendid one because the investor is doubly taxed under the present form of taxation: first, through corporation; second, through his dividends.

Trusting your amendment will be accepted and hoping to have the pleasure of seeing you in Reno this year.

With warmest personal regards,

Sincerely yours,

A. K. BOURNE.



BUNKER HILL & SULLIVAN  
MINING & CONCENTRATING CO.,  
Kellogg, Idaho, April 21, 1947.

Senator PATRICK A. MCCARRAN,  
Senate Office Building,  
Washington, D. C.

MY DEAR SENATOR MCCARRAN: I have noted your proposed amendment, H. R. 1, which would permit the plowing back into expansion and production a portion of the profits on the taxable basis. I am heartily in favor of your proposal and I think it is a really constructive proposal.

As far as our mining industry is concerned I have noted the various proposals for continued production subsidies and the mining industry is somewhat divided in respect to the merits of continued production subsidies. I want you to know that in principle I am opposed to continued production subsidies as I do not think it fits in with our true American way of doing things. On the other hand, I am looking with some favor on proposals for assistance in exploration and it occurs to me that your proposed amendment is something along that line.

I have not had the opportunity to come to Washington for quite some time. I have been pretty well tied down on the job here and I have little time to spare. Whenever I do come east I will be certain to try and get in touch with you and I do hope that I will have an opportunity to have a little chat with you again.

With kindest personal regards.

Sincerely,

J. B. HAFFUN.

HUMPHREY MEAT PACKING CO.,  
Reno, Nev., April 22, 1947.

Senator P. A. MCCARRAN,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR: It was certainly a pleasant surprise to read the paper last night with the article regarding your amendment relative to credit of 50 percent of profits for expansion of plant etc. As I have stated to you before, this is the real answer to the expansion of small business, and the only thing that will give rise to full employment during tough times. My only suggestion regarding your amendment is that it might be difficult for a business to complete the actual expansion within the tax year that the profits are made. It appears a provision for "carrying forward" the tax credit to the year following the high profit year would solve this objection, and give the businessman a chance to see his actual profits before embarking on an expansion program. This would also tend to level out construction during slack years.

I would appreciate hearing from you regarding the possibilities of passage for this amendment, and if it can be passed, when we could expect to be able to operate under it.

With kindest regards to yourself and staff,

We are,

Sincerely yours,

F. E. HUMPHREY, JR.,  
Partner,

RENO, NEV., April 22, 1947.

Senator PAT MCCARRAN,  
Senate Office Building,  
Washington, D. C.

DEAR PAT: The announcement of your legislation aiding small business was hailed here today with much enthusiasm.

Permitting credit for improvements and new equipment is the answer to most of the problems of small business when plant and equipment need repairs and replacements due to the war and which are almost out of the question with taxes taking the lion's share of current profits.

You are to be commended for the most helpful legislation that has been presented since the end of the war.

We are requesting the support of Mr. RUSSELL and Mr. MALONE in this important amendment.

With kind regards,

Sincerely,

RICHARDSON LOVELOCK, INC.,  
By FOREST.

THE HOERNER CORPORATION,  
Keokuk, Iowa, April 23, 1947.

Senator PAT MCCARRAN,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR MCCARRAN: Thanks so much for your good letter of the 21st, forwarding to me a copy of the amendment to the pending tax bill, as well as the statement which you issued to the press concerning it.

More power to you and it is good Democrats like you who make some of us Republicans sit up and take notice.

It is my plan to be in Washington for the annual Chamber of Commerce meeting April 28 to May 1 and if I have a free moment and can catch you in I certainly would like to meet you personally.

Had the pleasure one time of sitting next to Senator ALBEN BARKLEY at a luncheon out here in Iowa a couple of years ago where he spoke and I certainly admire him.

Yours very truly,

KARL E. MADDEN,  
Vice President.

SOUTHERN STATES INDUSTRIAL  
COUNCIL, INC.,  
Nashville, Tenn., April 23, 1947.

Senator PAT MCCARRAN,  
Senate Office Building,  
Washington, D. C.

MY DEAR SENATOR: Your letter of the 19th enclosing two amendments proposed by you to the pending tax bill received. These amendments are very interesting, particularly in the light of practices that are now being permitted with reference to nontaxable cooperatives that are in direct competition with small business.

We have always felt that there was no justification for the system of double taxation which applies in the taxing of corporate profits. It is certainly double taxation for the corporation to be taxed and then for the individual stockholders to be taxed on the dividends received by him.

Of course your suggested amendment with reference to permitting a portion of each year's profit to be turned back into expansion is exactly what the cooperative forms of business are doing. There is one feature, of course, that should be kept in mind, and that is the possibility of granting too many exemptions and thereby reducing the tax returns below necessary requirements. For this reason the Council has taken the attitude that taxes should be levied on the basis of equality in all competitive situations, leaving to the Congress the matter of determining just what the tax requirements may be.

Thanking you again for your letter and the interest you are showing in these matters.

Sincerely yours,

C. C. GILBERT,  
Secretary.

STANDARD WHOLESALE PHOSPHATE  
AND ACID WORKS, INC.,  
Baltimore, Md., April 23, 1947.

HON. PAT MCCARRAN,  
Senate Office Building,  
Washington, D. C.

DEAR MR. MCCARRAN: I have read with interest your proposal to give tax relief to small business through exhilarated depreciation on assets purchased for expansion. Frankly, it sounds too good to be true.

I have been in business for over 40 years and today have one of the largest sulphuric acid plants in the world, but must say that

what was achieved over these years could not happen today. I have seen the American small business slowly but surely strangled and deprived of initiative. I have heard young men ask why should they make money when they could do nothing with it but pay taxes. This is to me a very serious matter, particularly when you recall that this great Nation was started by a group of young men who did not believe in excessive taxation.

Lower taxes on individuals also will bring us back to real hard work with a reason for working hard instead of so many wanting to get on the band wagon of tax collecting and tax spending.

With best personal wishes for your success in this matter, I am,

Yours very faithfully,

GEORGE A. WHITING,  
President.

UTAH-NEVADA HOTEL ASSOCIATION,  
Salt Lake City, Utah, April 23, 1947.  
HON. PAT MCCARRAN,  
United States Senate,  
Washington, D. C.

DEAR PAT: I have read with much interest your proposed amendment to the bill H. R. 1 to reduce individual income tax payments by amounts expended for capital expenditures up to \$125,000, or 50 percent of the taxpayer's net income as computed without the benefits of this subsection, whichever is the lesser.

It so happens I attended a luncheon meeting today of a small group of important business people, and the consensus of opinion of this group was that the proposal should result in a stimulus for the improvement of most every kind of plant and equipment, and I am sure that most of the associations I represent will support your bill in every possible manner.

With kind regards, I am,

Very sincerely yours,

DICK HARDING,  
Executive Secretary.

PROFESSIONAL PRINTING CO., INC.,  
New York, N. Y., April 24, 1947.  
HON. PAT MCCARRAN,  
Member of Congress,  
United States Senate,  
Washington, D. C.

DEAR SENATOR: I appreciate immensely your sending me copy of amendments to H. R. 1, which you propose to sponsor.

After reading your statement with reference to these amendments which you were also kind enough to send me, I wish to state that it is one of the most sensible (it is the only word I can think of that really expresses my opinion) bits of legislation which I have ever seen.

It is a fact that present taxation is strangling small businesses such as ours. Take for instance last year with us. We did better than we have ever done before, but we had to make very heavy investments in maintenance and in new machinery. We also have had to think of moving to larger quarters which will mean a terrific expense, and, what probably is most important, when paper production catches up with consumption we are going to take a nice beating on inventory, and there is no way that we can avoid it either. Yet, despite all of this we can make no provisions whatsoever for any of these things except to take a 10-percent depreciation annually on any new equipment which we buy. It hardly makes sense. The Government, of course, wants theirs in cash and when we're through we'll probably have to go to the bank and borrow to keep going.

From reading my history books and from my own personal experience in life, I feel quite certain that this country can only continue the tremendous progress which it has shown in the past if its hard-working citizens,

especially those who take upon themselves the hardships of running businesses, especially small ones, are given the opportunity to do things. Present taxation stifles initiative. If you think it advisable I am going to write to other Senators and Congressmen regarding this matter. As a fairly good Republican, who now and then casts a Democratic vote, I wish to compliment you on your efforts in this matter, and wish you the very best of success.

Very truly yours,

L. J. MESSINA,  
President.

CORDERO MINING CO.,  
San Francisco, Calif., April 28, 1947.

HON. PAT MCCARRAN,  
United States Senate,  
Washington, D. C.

MY DEAR SENATOR MCCARRAN: I wish to acknowledge your press release of April 16 with copies of two amendments to H. R. 1.

The proposed amendment dealing with double taxation certainly needs no comment. It is highly desirable especially to the mining industry to prevent the indefensible practice of double taxation at exorbitant rates. The second amendment having to do with capital expenditures is also highly desirable.

I do have one suggestion to make which would be of particular advantage in clarifying the situation as far as the mining industry is concerned. At the present time exploration and development prior to actual operation of a mining property has to be capitalized at the insistence of the Internal Revenue department. To the larger corporations who always have a net profit such capitalization of an unsuccessful venture makes little difference since when that unsuccessful venture is written off it can be charged against the profits of the year in which it is written off. To the smaller company it is manifestly unfair since they have little control as to when an unsuccessful venture must be written off and in many cases they are forced to write it off in a year in which there is no profit and consequently receive no tax deduction for this unsuccessful development work.

If in line 10 on the first page of this amendment after the word "business" the following words were inserted it would be of considerable assistance to the small and moderate-size operators: "including exploration or development of new mines or the extension of old mines."

I expect to be in Washington on May 6 as a member of the newly formed Nonferrous Metals Advisory Board of the Army and Navy Munitions Board and if I may I will drop by your office and discuss this with you.

Sincerely yours,

S. H. WILLISTON.

NEW YORK, N. Y., April 29, 1947.

HON. PAT MCCARRAN,  
United States Senate,  
Washington, D. C.

DEAR SENATOR MCCARRAN: The release issued by you on Wednesday, April 16, is a masterpiece in stating your position.

There is no doubt about paragraph 3 on the first page. The worst thing I have seen in the form of a tax bill was the one which, under Vinson, reduced taxes about \$6,000,000,000 of which the corporations got the full advantage, leaving the private citizen at a distinct disadvantage. I do not know how anyone could have voted for that bill. Apparently those who did, did so thinking it would stimulate business. That seemed ridiculous to me as the demand was greater than supply, and still is, and why stimulate demand more.

The worst feature of it was that we reduced the receipts of the Government about 15 percent when we had not the least idea of what our expenditures were going to be.

At that time, I took the position that no taxes should be reduced until we knew what our assets and obligations were, and until we took an inventory. But I do not want to go into that. I just want to say that the general purpose of your plan is good. I would rather do something of this kind than to reduce taxes in any other form.

On page 4, the second and third paragraphs are so true. The third paragraph is the one to which I referred above. No unincorporated business can get ahead. It is bad enough for a small incorporated business. That is the quarrel I had as regards the previous tax reduction—that the corporations got the benefit, placing the individual at a greater disadvantage than ever.

At present I am not in favor of reducing taxes but would prefer to follow HARRY BYRD, first in reducing expenditures and then getting some of the debt canceled. Canceling part of the debt and putting it in trade and commerce with such a plan as yours, will stimulate business, thus stimulating volume and bringing our economy more into balance.

We want to help ourselves and we want to help everybody else, but I do not see how we can do it unless we all get down to work. And by work I mean continuous effort, without any strikes or lay-offs. The increase in wages is not going to be any good to anybody unless it is worth more and it will not be worth more, but rather less, unless people work and produce more than they receive for their labors. That applies to everybody in every walk of life.

This is my first impression on reading your letter and I hasten to give it to you.

Sincerely yours,

BERNARD M. BARUCH.

WILSON MANUFACTURING CO., INC.,  
Wichita Falls, Tex., April 29, 1947.  
HON. PAT MCCARRAN,  
United States Senate Building,  
Washington, D. C.

DEAR SENATOR: A few days ago I received a letter from you enclosing an amendment to H. R. 1 in which you proposed to allow deduction for taxes to the individual where the corporation taxes have been paid on the dividends, and also a second amendment in which you propose to allow a deduction for capital expenditures in trade or business. The copies of these amendments were accompanied by a statement of what you propose to do, and why.

In your letter you say you would welcome comment and criticism. I want to thank you very much for this splendid and constructive effort to correct one of the most gross inequities in the entire tax situation. In a statement which accompanied these amendments you correctly state that under the present law a small businessman with an income of \$50,000 pays out \$25,137 or 50 percent of his profits, and a man with a \$100,000 income pays out \$63,541 or 64 percent, and so on. And you also point out that the corporation tax is 38 percent. I think you should have pointed out in addition what the effect would have been if the corporation earned a certain amount and then paid the corporation tax of 38 percent, and then in addition the individual paid the tax on the dividends after being paid, and also what the top-bracket rate was on the individual, and what percentage he would have to pay if he had earned any additional income. This information is, I believe, very enlightening, and I will give the figures below of what the total tax would have been under these two circumstances.

If a small businessman was incorporated and earned \$80,500 he would then pay 38 percent tax, leaving him \$50,000, and assuming that he receives a dividend of all this amount he would pay income taxes of \$25,137 or slightly over 50 percent of the remainder, and he would have left slightly

less than \$25,000, or less than 31 percent of what had been earned, and the Government would have taken 69 percent of the earnings and left 31 percent with the individual who carried on the business. If another corporation earned \$161,000 approximately, that would have left \$100,000 after payment of corporation taxes, and assuming that all these were distributed as dividends, the tax would take \$63,541, as you state, and that would leave the man who earned the money and took all the risk \$36,459 net income out of \$161,000 earnings, which is approximately 22½ percent. That is, the Government takes 77½ percent and leaves the businessman 22½ percent. Perhaps the worst feature of either of these instances is the fact that in the case of the man whose corporation earned \$80,000, if the corporation earned any additional money and declared them as dividends, as stated above, he would have been in the 75 percent less 5 percent bracket, or about 71½ percent. The additional earnings would have been subject to this rate, which would leave him only 17.8 percent of the money that he earned over this figure, and the 82.2 percent would go to the Government. In the case of the individual whose corporation earned \$161,000, and assuming again that all earnings were paid out in dividends, he would be in the 89 percent less 5 percent bracket, or about 84½ percent, so that if any additional dividends were declared he would have to pay 84½ percent to the Government and would be able to keep only 15½ percent.

I think any right-thinking man will agree that if an individual must pay from 80 to 85 percent of his total earnings to the Government in form of taxes, that there is absolutely no incentive left for any businessman to carry on a business, because the hope of gain is entirely gone. The businessman, of course, takes all the risk, does all the work, and if he earns anything from this enterprise, not only must he pay out all the taxes mentioned above, but when he dies estate taxes would take a large share of the remainder.

If we are to make a free-enterprise system work and have this Government continue as a democracy, we must of necessity enact tax laws that will at least give a reasonable incentive to the individual to produce the goods which make a prosperous democracy. You have probably already read in the papers where in the past year 1,800 small businesses have been absorbed by mergers and combined with large business. This is the only out for most small business, and unless tax laws are changed practically all small business will be forced to combine with big business in order to survive and retain even a portion of what the businessman has accumulated.

As you well know, the bulwark of democracy is small business, and when this has been eliminated and all business made into big business, then it will be but a small job for Communist- and Socialist-minded people to change our form of government from a democracy to a form of government similar to that of Russia or equally obnoxious. I heartily commend you for your effort to enact laws of this kind, and particularly the two that you have sent me, but frankly I am skeptical of the ability of right-thinking Congressmen and Senators like yourself to enact such good legislation, at least at this time.

Again thanking you for sending me copies of this legislation.

Very truly yours,

JOHN H. WILSON.

CHICAGO, ILL., April 30, 1947.

Senator PAT MCCARRAN,  
Senate Office Building,  
Washington, D. C.

MY DEAR SENATOR: I have your recent note, enclosing the two proposed amendments to H. R. 1. I think that the plan for giving a stockholder the benefit by way of credit for taxes paid by the corporation is the best



solution of avoiding double taxation on corporations and the stockholders, and I am in favor of it.

I also feel very strongly that a corporation should have an opportunity to accumulate a surplus with which to grow without being punished for so doing. In our history the corporations which have been successful and have survived were those that accumulated a surplus with which to expand, which surplus served as a protection in times of depression.

Respectfully,

ALBERT L. HOPKINS.

RENO, NEV., May 5, 1947.

The Honorable PATRICK A. MCCARRAN,  
The United States Senate,  
Washington, D. C.

DEAR SENATOR MCCARRAN: I have read with a good deal of interest the copies which you sent me wherein you are proposing two amendments to pending tax legislation. I was equally interested in perusing the attached explanatory statement in which you outline the workings as well as the advantages that would accrue to your second amendment if adopted.

I have no criticism whatsoever to offer in connection with these amendments. Both of your proposals would serve a very worthy purpose and could not fail to stimulate industry, expand invested capital, and ultimately increase tax receipts by the Government.

I take pleasure in expressing my hearty approval of your constructive efforts which would be mutually beneficial to the Government as well as to the taxpayer.

With kind personal best wishes,  
Cordially yours,

STANLEY H. BARROWS.

—  
RALSTON PURINA CO.,  
St. Louis, Mo., May 5, 1947.

Hon. PAT MCCARRAN,  
Senate Office Building,  
Washington, D. C.

DEAR SIR: Your letter of May 3 is much appreciated. We believe with you that the making and adjusting of tariffs is a function belonging to Congress and that the minimum requirement should be that the Senate have the right to ratify or reject each reciprocal trade treaty.

You ask for our reaction to your amendment of H. R. 1 tax bill. It appears to be for the following purposes:

A. To stimulate commercial construction. This might be adverse to our veterans' housing priority.

B. To aid small business to grow by plowing back earnings. Corporations with ample finances can fully recover the cost of buildings and machinery through depreciation deductions over a period of years.

It seems to us that profits should be taxed once. We would be in favor of the English idea that corporate profits should not be taxed as such, provided they were promptly made taxable in the hands of the stockholders.

We realize your amendment is not limited to corporations, but our connection leads us to view all legislation from the corporation standpoint. We are happy that you and other clear-thinking old-timers are in the legislative branch of Government. It is typical of you to ask for opinions. We are confident that after you have received a good cross section of opinion, you will act for the best interests of the people.

Sincerely yours,

C. A. RENARD,  
Director, Legal Department.

FIRST NATIONAL BANK OF NEVADA,  
Reno, Nev., May 5, 1947.

Hon. P. A. MCCARRAN,  
United States Senate Chambers,  
Washington, D. C.

DEAR SENATOR: After reviewing the copies of the two amendments which you have proposed for the pending tax bill, and which I consider economically sound, I passed them on to Sam H. Husbands, executive vice president of Transamerica Corp., for his comments. There is enclosed for your personal information a copy of Mr. Husbands' response of April 29, 1947.

There is every justification for favorable action on your amendments, for business, both large and small, will have a greater incentive to develop and expand if a portion of their profits can be plowed back. I hope you may be successful in consummating that which you have proposed.

Kind regards.

Sincerely yours,

W. W. HOPPER, President.

—  
EMPLOYERS' ASSOCIATION  
OF SOUTHERN NEVADA,  
Las Vegas, Nev., May 8, 1947.

Hon. PAT MCCARRAN,  
Senator, State of Nevada,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR MCCARRAN: I am replying separately to that portion of your letter of April 30 relative to the amendment which you have proposed to H. R. 1.

Your amendment and the statement which you have made in regard to the amendment were reviewed before a regular meeting of the board of directors of this association yesterday. It was their expressed opinion that you should be highly commended for the efforts which you are putting forth in the interest of small businesses. In expressing their individual opinions the members of the board are 100 percent behind you and sincerely feel that this legislation which you are sponsoring will be of great benefit and assistance to the small businessmen all over the country.

Thank you for allowing the opportunity to express our reaction, and if we can be of any assistance to you at any time, won't you please feel free to call upon us?

Sincerely yours,

CRAIG H. HOWRY, Manager.

—  
SCOTT MOTOR CO.,  
Reno, Nev., May 9, 1947.

Hon. PAT MCCARRAN,  
United States Senator From Nevada,  
Senate Office Building,  
Washington, D. C.

DEAR SENATOR MCCARRAN: It is very gratifying to know of your amendment to the bill allowing corporations to plow under capital investment 100 percent in order to expand facilities necessary for accomplishment of increased business. We heartily agree with your ideas, and completely support your thinking.

In our opinion we believe that we could accomplish quite a lot if this bill were passed.

With kindest regards.

Very truly yours,

C. C. ANDREWS,  
General Manager.

—  
BENDER WAREHOUSE CO.,  
Reno, Nev., May 9, 1947.

Hon. PAT MCCARRAN,  
United States Senate Office Building,  
Washington, D. C.

DEAR PAT: I've been wanting to tell you that I appreciate, as must all small businessmen, your sponsorship of the bill to permit us to plow some of our earnings, now

taken as taxes, back into our business. These taxes are excessive, for anyone trying to build a business and liquidate his obligations, of which there are always too many. If you are successful it will be a great help to all such struggling concerns and I believe in the long run, to the country. These small firms, of which mine is one, are the ones that hold the line against depression if they can earn enough to keep going or create depression if they fail or are taxed to death.

Best regards.

Sincerely,

E. S. BENDER.

—  
WASHINGTON, D. C., May 9, 1947.

The Honorable PAT MCCARRAN,  
The United States Senate,  
Washington, D. C.

MY DEAR SENATOR: I appreciate your letter of April 28, 1947, and will be glad to reaffirm, in any way that you suggest, my favorable impression of the amendment which you have proposed.

I suggested to Mr. Sourwine that from the standpoint of the Treasury it may not work out satisfactorily, as a large amount of otherwise taxable funds would be exempt in 1 year and there may also be opposition to the proposal from certain groups which might feel that small business was being given preferential consideration. However, I still feel that by allowing the proposed reduction in 1 year, instead of spreading it over a period of years by way of depreciation or amortization, small business would be given a much-needed help and encouragement desirable as a matter of broad public policy.

You may consider it advisable to clear this amendment with the Treasury Department before it goes before the Finance Committee. Assuring you of my interest, and with kind personal regards,

Faithfully yours,

BRUCE BAIRD.

—  
BASIC ORES CO.,  
Gold Hill, Oreg., May 14, 1947.

The Honorable PAT MCCARRAN,  
United States Senator, Senate Building,  
Washington, D. C.

DEAR MR. MCCARRAN: I wish to thank you for your letter of April 17 in reference to amendments, H. R. 1, in two sections, in re taxation expenditures. It appears that you had a very good understanding of these situations, and in your statement of April 16 you have nicely clarified the reasons and needs for such amendments as proposed.

The project I handled in Nevada during the war was so badly handicapped that our effort was stymied to assist our Government in its war efforts.

Our Senators and Representatives should see to it that business is set free to carry on and accomplish, or else where are the taxes coming from to support Government activities? This idea of killing the goose that lays the golden egg is idiotic.

Some of the large corporations, who had attractive contracts at cost plus, no doubt made some money during the war period. However, it appears that we need these concerns as well as small ones.

Thanking you for your courtesy, and very kind regards,

Yours truly,

E. GEORGE HOWE.

—  
THOMPSON PRODUCTS, INC.,  
Cleveland, Ohio, May 15, 1947.

The Honorable PAT MCCARRAN,  
United States Senate,  
Washington, D. C.

MY DEAR SENATOR: This is in response to your letter enclosing copies of two amendments which you propose to the pending

tax bill. They are both important and constructive.

Double taxation is obviously unfair, and acts as a deterrent to attracting equity capital to industry.

With respect to the amendment exempting a limited amount of capital expenditures from taxation, I believe you are on one that is extremely important. It may be difficult for Congress to appreciate, but industry, under present tax laws, actually is unable to accumulate capital fast enough to exploit new and useful products that have developed, or to tool for lowest cost production. Studies have been made which show that much of the machinery now in use should be replaced with modern equipment. Many plants should be rebuilt for streamline low-cost production. Rarely is a company able to satisfy the demands for capital expenditures recommended by its operating management. This is particularly true today, as a result of high building and tooling costs.

The capital expenditures of today make the jobs of tomorrow. A very high percentage of the people at work today are producing goods not known 47 years ago. Not only are jobs involved, but high wages as well. The more capital at the command of a worker, the greater his productivity, and the higher his wage can be. The Chinese coolie with a stick on his back gets a few cents a day because he can deliver but a few pounds a few miles. Compare his wage with that of the locomotive engineer who has great capital at his command.

I think it is particularly good that small industry be encouraged by some such exemption. My feeling is that it should be at least \$500,000. If our tax laws were such as to encourage industry, both large and small, to plow back a greater portion of earnings to improve plant and equipment and develop new products, it would be much in the interests of the American workingman.

Very truly yours,

J. H. COOLIDGE,  
Vice President and Treasurer.

Mr. McCARRAN. I yield the floor.

Mr. HATCH. Mr. President, I should like to address a few remarks to the pending amendment, which has been studied under the procedure that is followed in the Senate, in an effort to remove alleged discriminations resulting from the fact that certain States have a system of community-property rights, the States being commonly known as community-property States. So far as I know, the efforts heretofore made along this line have been directed to requiring taxpayers in community-property States to make single returns, and to taxing the incomes of husband and wife as though there were no difference in the ownership of property or income.

Naturally, those of us from the community-property States have resisted such efforts, because they were destructive of the system of property rights long established in our different States, which we believe to be within the authority of the several States to establish.

The pending amendment approaches the question from a different angle; it attempts to give husband and wife in non-community-property States the privilege of filing separate returns, to be taxed upon such separate returns the same as are those of us within the community-property States. When it was first suggested to me, I was inclined to support the amendment because, as I have frequently said, there has been no desire on my part, and so far as I know,

no desire on the part of any other person from a community-property State, to secure advantage or preference over the citizens of other States. We believe in our system of property rights; we think it a good one; we think it ought to be adopted by other States. We resist any attempt to invade the right of our State to divide property between husband and wife according to the laws of the State. But, Mr. President, after considering the amendment and discovering that it has no relationship whatever to the ownership of property, but merely establishes a new rule by which husband and wife may have separate incomes and make separate income-tax returns without regard to ownership, it seems to me, that it proposes a new and, to me, unheard of principle of taxation. The fundamental principle of taxation is that it should be based upon the ownership of property and the ownership of income. Under the proposed amendment, no consideration whatever is given to ownership. Under it, the non-community-property State would be given every so-called advantage now enjoyed by the community-property States, and would place upon the non-community-property States none of the burdens whatever that rest upon citizens of the community-property States. It would therefore give them all the benefits, without imposing upon them any of the burdens.

I am quite sure that those who sponsor the amendment and who argue for it do not want to secure a preference or an advantage over the community-property States; but, undoubtedly, that would be the result.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. LUCAS. Does the Senator contend that community-property States do not now possess some advantage in the way of taxation over non-community-property States?

Mr. HATCH. I have not said that, Mr. President, and I would not say that, because there is an advantage to the extent that those of us residing in community-property States pay less taxes, because incomes are divided and separate returns are made. But that is based upon the ownership of property; and that is what I am saying. I do not mean to say that every other State in the Union should amend its laws to conform exactly to ours; not at all. I think an amendment to reach the preference or advantage held by those in the community-property States can be worded so that other States will have all the advantages which we enjoy, based upon the ownership of property and income, as in community-property States.

Mr. LUCAS. The Senator, of course, knows that in the pending bill an exemption of \$1,000 is allowed for husband and wife over 65 years of age. The question of property is not involved in such a proposal.

Mr. HATCH. That is an exemption from taxation.

Mr. LUCAS. That is correct.

Mr. HATCH. I have said that the basis of all taxation, practically from the beginning, has been the ownership of property and the ownership of income.

Mr. LUCAS. That is correct, but many an individual who is granted a tremendous exemption, and whose exemption involves no property whatever, is taxed.

Mr. HATCH. Of course, that is in large part a personal exemption, as in the case of a single man.

Mr. LUCAS. That is exactly what is being attempted here.

Mr. HATCH. If it were put on the basis of granting an exemption, that would raise another question.

Mr. LUCAS. That is practically the effect.

Mr. HATCH. That is not the thought. Under the amendment, husband and wife can divide their income, without regard to the ownership of the money, without any of the corresponding burdens that go with it. I have prepared a bill, which I shall not introduce now, but which I hope may be considered by the committee at the proper time, which would do away with the advantage possessed by the community-property States, and which would give to the non-community-property States the same rights as those which we possess, by permitting the division of ownership and income, as authorized by the law in the community-property States. That might be done by simple contract. It could be provided that the contract would have to be recognized by the taxing authorities of the Federal Government, provided only that it was valid and legal according to the laws of the State in which it was made. Taxation would then be based upon ownership of income, just as in community-property States. In addition to putting us all on an equal basis, I have in mind that the proposed bill would get rid of another inequity, which I think is the worst of all and which is suffered by us who live in the community-property States. Under our laws, as I have frequently said, and as everyone knows, the property acquired by husband and wife during marriage is owned by both husband and wife in equal parts. The wife is the absolute owner of one-half of the property that is acquired by their joint efforts during marriage. But although the property, which the wife would take upon the death of her husband, is her own property, and does not pass by inheritance, but is set apart for her because it is her separate estate, notwithstanding that the title has been in her and is in her, the Federal Government, under a law passed in 1942, requires her to pay an inheritance tax upon her own property, and that, Mr. President, I submit, was never before conceived in the history of taxation.

We want that inequity removed. We would like to have the whole question considered by the Finance Committee at one time and all these inequities corrected as fully and as nearly as possible, so that we may all be placed on as equal and fair a basis as possible.

That is all I have to say on this proposal. I shall not discuss the bill which, as I said, has been drawn, but I do not want Senators from the non-community-property States to feel that we from the community-property States desire any advantage whatever. We are perfectly willing to join them in writing a law



based upon ownership of income and ownership of property which will give them every right we have, but we would also ask at the same time that the inequities which we suffer under existing laws be removed.

Mr. HICKENLOOPER. Mr. President, I wish to ask a question of the Senator from New Mexico, because I understand the Senator's State is what might be called a community-property State.

Mr. HATCH. That is correct.

Mr. HICKENLOOPER. My State is not a community-property State; we do not have community-property laws in Iowa. The question I wish to ask the Senator is this: Under the community-property law and under the tax approach of the Internal Revenue Bureau to taxation of property accruing to a family, why does the Internal Revenue Bureau permit division of income?

Mr. HATCH. Because the property is owned, as I have said, in equal parts by the husband and wife, and that is a requirement of our State law. I think the Internal Revenue Bureau has gone too far in that it has frowned upon and has stopped the making of contracts between husband and wife which were voluntarily entered into, because the Bureau said they were fraudulent, and entered into in order to avoid the tax laws.

Mr. HICKENLOOPER. Mr. President, the Senator is coming to the heart of the point I wanted to ask him about. The Internal Revenue Bureau says that the law of the Senator's State recognizes the community ownership of property which, roughly, might mean a 50-50 division of the property.

Mr. HATCH. It is not roughly. That is the way it is. That statement of 50-50 is accurate.

Mr. HICKENLOOPER. And the State taxes on the basis of the ownership of half by the wife and half by the husband. The Bureau recognizes the law of the State of New Mexico on that point. Is that not true?

Mr. HATCH. That is true.

Mr. HICKENLOOPER. And the Bureau says that the title and ownership of that 50 percent in each stems from the law of New Mexico?

Mr. HATCH. That is correct.

Mr. HICKENLOOPER. In my State, I will say to the Senator, we do not have specific community-property laws, but, since the State was established, and even in its Territorial days, and coming from ancient law, partnerships have been recognized. The statutes of our State recognize the right to partnership ownership, they recognize the right, if you please, of gifts, and recognize the validity of gifts. They recognize the vesting of title as the result of a gift just the same as the result of a purchase for intrinsic value of some kind. Yet the Bureau of Internal Revenue refuses absolutely to recognize the validity of the transfer of property rights by gift within a family when a partnership is set up by a device which is completely legal and completely proper under our State law.

Now I ask the Senator whether or not he can reconcile the two positions taken by the Bureau of Internal Revenue, the one, when it accedes or agrees to the

State law provisions, and the other when it refuses to recognize completely valid and sound State laws?

Mr. HATCH. I will say to the Senator from Iowa that he probably did not hear all I had to say previously.

Mr. HICKENLOOPER. I am sorry I was not present during the whole of the Senator's discussion.

Mr. HATCH. I discussed a proposal which would completely do away with the objection the Senator from Iowa has raised. No, I shall not at all attempt to reconcile the positions taken by the Bureau of Internal Revenue. I think any partnership between a husband and wife which is valid within the laws of the State in which it is made, and which is not manifestly simply a fraudulent scheme to avoid taxation, is perfectly proper and legal. I think the Internal Revenue Bureau should recognize such a partnership and give it just as much sanctity as is given to it under our law in New Mexico.

Mr. HICKENLOOPER. Providing such an arrangement is legally sound and proper within the jurisdiction in which it is entered into.

Mr. HATCH. I will say to the Senator from Iowa that I am willing to join him in the writing of a proper law which would bring such a condition about.

Mr. HICKENLOOPER. I may say to the Senator from New Mexico that I have an amendment at the desk which I may call up, dealing with that very point.

Mr. HATCH. I think, however, as I have previously said, and as the Senator from Colorado has been arguing constantly, that we should all leave these matters to the committees of the House and the Senate. The Senator from Colorado has steadfastly and forthrightly stated here that his committee desires to correct these so-called inequities. They do not want to do so in the pending bill, and I shall support the Senator from Colorado in that position. But I would certainly have no objection to the proposal which the Senator from Iowa has suggested when it is finally perfected.

Mr. CONNALLY. Mr. President, I want to agree heartily with the chairman of the committee, the Senator from Colorado, in the position he takes that the matter under discussion cannot be properly handled at this time under the pressure which is being exerted and in view of the tremendous loss of revenue which the pending amendment would entail, a loss \$800,000,000 greater than under the bill without the amendment.

I realize that sooner or later we are going to have to face the issue of community property, which is raised from time to time; but, Mr. President, I become a little irritated and annoyed at times by some of the representatives from non-community-property States who point to community-property States as if we were not contributing our fair share, and as if we were using the community-property law as a device to avoid the payment of taxes. My State and other community-property States adopted the community-property system at a time when we were under no pressure to avoid income taxes, when we

had no threat of income taxes. We adopted it in my State more than 100 years ago, before income taxes were levied by the Federal Government, before we ever dreamed of income taxes, long before the Senator from Illinois was under pressure from back home to bring his State within the blessings of the community-property laws without adopting the community-property system.

Much has been said about changing the laws. There is not a State in the Union which, if it willed so to do, could not adopt community-property laws; and if it did it would receive the same advantages which the people of Texas and of the other community-property States enjoy. I think that is a complete answer to the charge that we are benefiting by this law and are not paying our share.

This principle came down to us from Spain. It is based upon the conception that a man and his wife are in fact partners—not partners on paper, not theoretical partners only when they pay their taxes. There is no real partnership involved in the so-called tax partnership arrangement.

In the old common-law States, if it were not for a change in the law, husbands could still beat their wives, provided the switch was no bigger than a man's thumb. That was a part of the common law of England in years past. Women still occupy a subordinate position when it comes to property, just as they did in the olden days. We believe that women are entitled to equality in property and earnings. Under our law, every dollar of income which either a man or his wife possesses, whether from separate property owned by either of them before they were married, or from earnings after they were married, is community property, and the wife owns half of it—not because the husband gives her \$5 on Saturday night to pay the grocery bill for the next week, as is the case in some of the States which are complaining. In my State she owns it in her own right. It is hers. The income-tax collector says, "Where did you get this income?" The husband and wife reply, "We got it from our accumulated property."

Mr. President, why does the law of Texas and other community-property States recognize the right of the wife? Because we place the wife upon an equality—not a social equality only, not a Saturday-night equality for the payment of next week's grocery bill, but an equality to share in the joint earnings of the husband and wife. That is the only kind of real, substantial equality that exists in a world like this.

Why should not the wife have a share in the joint earnings of husband and wife? She marries a man at the altar, and they pledge fidelity and loyalty. She bears his children. She presides over his home. Many wives do the washing and cooking and slaving in the kitchen. The husband is out making money, or supposedly trying to make money. They accumulate a little money. Is not the wife entitled to half of it? Does not she make a contribution to the union? Ought not she to be entitled to something more than her board and clothes?

We are members of the United Nations. We pass resolutions about giving the Hottentots equal rights. We want the natives of the Pacific islands to have equality of rights. We want them all to have the "four freedoms"; but here at home, in many of the States we do not treat women on the basis of equality with men. I cannot understand why the women of this country, with all their clubs and other women's organizations which are so concerned about the right to vote, and which are interested in the equal-rights amendment, have not made a drive in the non-community-property States for the right to share in the earnings of marriage. Women share in the raising of children. Both husband and wife cooperate to raise a family, but they do not share equally in the property accumulated as a result of the marriage. A man and his wife may have six children. They each have a half interest in each child, but they do not have a half interest in the income or in the money which goes to support the children.

In most of the non-community-property States when the husband dies the wife gets a third interest in the personal property. I do not know that that is true in all the States. In some States she gets a third interest in the real estate for life. I am not familiar with the laws of all the non-community-property States. However, she does not get equality. She does not get half.

In the committee the other day someone said, "If the wife earns any money it is hers." Yes; if she can make any money cooking hot biscuits for the old man, she gets the benefit of it. It is hers. Whatever profits come in, the old man puts them in his pocket and they stay there until he dies. Then the wife gets a third of the real estate for life, and a third of the personal property outright. So the only way she can win is for the old man to die.

Under our law, Mr. President, one-half of his earnings belongs to the wife—not as a gift, not as a charity, but as an absolute legal right. It is hers. Consequently, when the income-tax law was enacted the Internal Revenue Department undertook to tax community-property States, just as it undertook to tax non-community-property States, and I paid taxes under that construction of the law. Later on—I do not know how it arose, whether by court decision or by consultation with their counsel—the Treasury arrived at the conclusion that it was wrong; that when they undertake to ascertain income from property the title to the property is what governs. Under this law, if they want to assess taxes on the Senator from Oklahoma, for instance, they would not assess him taxes on the property of his neighbor, John Jones, on the same street. They would assess taxes only on the basis of income from property owned by the Senator from Oklahoma, and no one else. Suppose they undertake to assess income on a son of the family who owns a house and lot, and they say, "Whose property is this? Where did you get this income?" He says, "It came from a house and lot that I own. It is mine. The old man has nothing to say about it; it is not his. You cannot

tax my father on income from property which I own in my own right." Is not that sound?

Mr. HICKENLOOPER. Mr. President—

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Texas yield to the Senator from Iowa?

Mr. CONNALLY. I yield.

Mr. HICKENLOOPER. The situation which the Senator has cited is exactly what is happening in my State. The Internal Revenue Bureau is taxing income from property which is legitimately and legally owned by others than the taxpayers, and, of course, complaint is being made about it. They are refusing to recognize the legality of laws of my State and in other States and they elect to charge the head of the family, regardless of whether he has the ownership of the property or whether the wife has title to the property. They refuse to recognize our law, although it is completely sound—

Mr. CONNALLY. I heard with a great deal of interest the statement of the Senator before the committee, and I marvel if that is the case, why the State does not adopt a community-property system. Why not give the wife half the property? She is entitled to half the earnings.

Mr. HICKENLOOPER. The matter which I was discussing before the committee went a little further than purely community property. It went to the question of the law of contract, the law of gift, and the transfer of title, which has been recognized indefinitely as perfectly proper.

Mr. CONNALLY. I will say to the Senator that the Treasury raised a question as to the good faith of a great many cases. I think they recognize in Iowa, do they not, some partnerships which consist of the husband and wife? If they are both active in the business or have any direction of the business the Treasury recognize them, do they not?

Mr. HICKENLOOPER. They recognize some of them if the wife works from 8 to 10 hours a day in the partnership.

Mr. CONNALLY. I do not think they set any particular hours, but the partnership status is recognized if the partners are active in the business.

Mr. HICKENLOOPER. I find myself in agreement with the Senator's argument of a few moments ago in which he stated that the wife cooks for the family, takes care of the baby, runs the home, and certainly is morally entitled to a share of the earnings. Why in the world should the Internal Revenue Bureau arrogate to itself the right to say that because a wife does not spend all her time, or a substantial part of her time, behind the counter selling dress goods, or keeping books in the office, she cannot receive any benefits from ownership of property which has been vested in her? I am unable to draw a distinction.

Mr. CONNALLY. I am not here to defend the Treasury in all their rulings. I very frequently disagree with them, but I still must submit to the Senator that he admits that in his State where the partners participate in the business and take an active part the partnership

is recognized. The Treasury contended that the cases in which they were interested were those in which they believed that the wife had nothing to do with the management or direction of the partnership. But I am not defending that position. I realize, as I stated when I started these remarks, that we shall have to face this question sooner or later. I want to face it when we are prepared to go into all the readjustments of all the taxes, because there is a repercussion. If we consider this tax and change that tax, there is a relationship with other taxes which is involved. I want to wait until we are prepared to review the whole tax structure. Leading people in my State have a plan which would help the Senator in connection with the complaint he made, whereby permission would be given a man and wife to make contracts in any State and to divide their income and pay taxes on the same basis that applies to community-property States. I have sense enough to know that this question is one which we cannot avoid and which we will have to meet.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Arkansas.

Mr. McCLELLAN. I wanted to emphasize the fact, since we are crying so much about the wives doing the cooking and not getting anything out of it, and that some of our States have passed community-property laws, that we still carry through a discrimination. In my State if a husband wants to give half of his property to his wife, under the laws of the State, she still cannot stay home and look after those tender duties to which the Senator has referred. The Treasury takes the extra dollars from her in spite of the fact that the State law is complied with and that she is a legal owner under the State law. It cannot be justified any way on earth. There is a Federal discrimination against taxpayers who have to bear the burden and the cost of the Federal Government, whatever the property system is. It simply does not measure up to the standards of justice and equity. Where the Federal Government is doing the taxing it ought to tax on an equal basis.

Mr. CONNALLY. I will say to the Senator from Arkansas that I do not know of any law of my State that prohibits a husband from giving his wife property.

Mr. McCLELLAN. But in Arkansas, although the gift is made under the law, and husband and wife are half-owners, they still are penalized, because the Revenue Bureau does not recognize their status and refuses to let them pay taxes on the same basis as that upon which the Senator's constituents pay.

Mr. CONNALLY. Does the Senator contend that in Arkansas if a wife has separate property which she owned before her marriage—

Mr. McCLELLAN. That is not at issue at the moment.

Mr. CONNALLY. All right. I will not ask it.

Mr. McCLELLAN. The Senator is getting away from the real question.

Mr. CONNALLY. The Senator introduced the proposition that under the law



a husband could not give his wife property, and I said that I knew of no law in my State to that effect.

Mr. McCLELLAN. I said he could give it and did give it, but it was not recognized by the Revenue Bureau.

Mr. CONNALLY. I am not familiar with all the Revenue Bureau's rulings.

Mr. McCLELLAN. I made no attack on the community-property States. I am not asking them to change the law; I am only asking that the Congress, by the enactment of a law, make it possible for us to compel the Revenue Department and the Government to do equity and justice between citizens of this Nation.

Mr. CONNALLY. I know of nothing in the internal-revenue laws that discriminates between members of any particular group or class. I am not attacking the non-community-property States. It is their business to have their own laws and have them respected. The question I raised had reference to property belonging to a certain individual on which he pays an income tax on what he derives from that property. I tried to make that clear in the case of the son to whom I referred as John Jones. The old man lives across the street. His son cannot be made to pay a tax on the income of the father, nor the father on the income of the son. They stand upon the basis of title and ownership.

Mr. President, I am not asking any of the non-community-property States to adopt a community-property system. I think it would perhaps be wise if they should; but that is their business. I am not in favor of using the power of the Federal Government to compel them to do that.

In Texas we recognize the equality of women. We are living in modern times; we are living in the twentieth century. We are not living under the conditions of three or four centuries ago. There was a time when women were practically serfs. We have passed that point. Under our laws we want to give them equality in the ownership of property and in the comforts and joys of life. That is all we ask. That is all we do. We do it by giving them title—not the use of it, not the right to touch it but to get nothing from it, but the right to own half the community property. That law has been on our statute books and in our constitution for 100 years; yet people talk about the law as a device to avoid taxes. Santa Anna had hardly gotten out of Texas before we adopted this system of giving the women joint property rights to the earnings after marriage. Of course, what the husband had before the marriage remains the husband's separate property, and what the wife possessed before the marriage remains the wife's separate property.

Mr. President, if we wish to provide equity we have an opportunity to do so now. But we cannot have our cake and eat it, too.

Mr. President, I have nothing further to say on this matter. This is a question which we shall have to face, and I am prepared to face it. But I wish to face it at a time when we are revising the whole tax structure. I do not wish to undertake it now. As has been pointed out

heretofore, the Federal Government, largely because it was piqued at the income taxes derived from community-property States, in 1942 passed a law which was manifestly unjust. It provided that in the community-property States if the man and wife had \$100,000 worth of community property, each one owning half, if the husband died, the wife would have to pay an inheritance or estate tax on the entire \$100,000 worth of property—which is not right and not sound—and, further, that when the wife died thereafter, her estate would have to pay another tax on what she was possessed of at the time of her death. I want that law revised, when we come to revising the entire tax structure. If we are going to express ourselves with respect to the community-property-income feature, I wish to have the community-property inheritance or estate tax also revised or modified.

So, Mr. President, what I have said today has been simply for the purpose of placing in the RECORD a defense of the community-property system. It was a noble system which was conceived in a high spirit and in a spirit of equality before the law and equality before the altar and equality of contribution to the marriage relation, providing that the earnings of the marriage relation should belong as much to the wife as to the husband.

I wished to express our dissent from the view which is expressed now and then by the residents of non-community-property States, namely, that the community-property States are using a device or a pretext to avoid the payment of income taxes.

Mr. McCARRAN. Mr. President, the question of community property and the taxation involved has been before the Congress for many years in various forms. It now comes before us in a slightly different form. It has been a subject of study and concern by those of us who represent the community-property States. If the Senator from Arkansas will consider the history of his State—as undoubtedly he has, although this particular phase may not have been drawn to his attention—he will find that originally his State was also a community-property State; in other words, it was carved out of the territory which was acquired from Mexico, just as Louisiana was carved out of the territory which was acquired from France. The civil law of France applied to Louisiana, and the civil law of Spain prevailed in the territory which was acquired from Spain. My own State and the States of New Mexico, Arizona, Idaho, and California were carved out of the territory which we acquired from Mexico. When the United States acquired that territory, it carried with it the civil law which prevailed in Mexico, which had been given to Mexico by Spain.

Many of the States which were carved out of that territory saw fit to repudiate the civil law. Iowa is one of the States which repudiated the civil law and set up the common law as the basic law, thereby repudiating some of the privileges and many of the conditions which prevailed under the civil law. That fact probably accounts for some of the actions

of the Bureau of Internal Revenue in construing certain laws in certain States.

Mr. President, the importance of this matter is such that some of us have spent considerable time, in times past, in looking into the history of these differences which occur among the respective States.

Mr. HICKENLOOPER. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I wish to conclude my remarks, and then I shall yield.

Mr. President, some years ago—to wit, in 1937—at a time when the Honorable Fred Vinson, now Mr. Chief Justice Vinson, was chairman of the Ways and Means Subcommittee of the House of Representatives, and when the subject of community property was uppermost in the minds of Members of Congress, it was my privilege to address to him a letter on this subject, going briefly into the history of community property. That letter dealt with the history of the law, as it came over in the process of territorial acquisition to the several States which now have community-property laws. Texas is one; Mississippi is another; Florida is another. Louisiana retained the community property law from the civil law which came down from the Code Napoleon.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a copy of my letter to the Honorable Fred M. Vinson, now Mr. Chief Justice Vinson, bearing on the subject of the history of community property and why the community-property law exists in several of the States.

There being no objection, the letter was ordered to be printed in the RECORD as follows:

UNITED STATES SENATE,  
Washington, D. C., September 15, 1937.  
HON. FRED M. VINSON,  
Chairman of Subcommittee,  
Ways and Means Committee,  
House of Representatives,  
Washington, D. C.

MY DEAR CHAIRMAN VINSON: On some occasions in the past the press has carried expressions indicating that there are those in your committee and elsewhere who might be of the opinion that the citizens of community-property States were chargeable with a so-called loop-hole through which taxes in these States might be escaped. I understand that your subcommittee may investigate the matter of income taxes in community-property States, and I desire to submit to you some of my views on the subject, resisting as I do any change of policy.

First, may I say that Nevada is one of the community-property States, the others being Louisiana, Arizona, California, Texas, Idaho, New Mexico, and Washington.

Under the community-property law either spouse in a marital status has a vested property right in all of the community property including the income therefrom, likewise in the salary or wages of either husband or wife.

The question involved in community property in the United States is both historic and statutory in its origin. The historical side of this question is most interesting and students of the subject who have given us the benefit of their study and writings have thrown much light and clarification on the matter.

A cursory reading of the history would lead one to believe that the community-property law was of Spanish origin, but a more persistent study leads one to the conclusion that the law, as we know it in the

Western World, is of Germanic origin and is the result of the evolution of early Germanic customs and forms into laws regulating family relations. These customs and laws, according to our best authorities, were carried into Spain by tribal and Visigothic movements in the early Christian centuries, and were implanted in the Spanish Peninsula on the occasion of the conquest of that part of Europe.

We find the early community-property law emphatically set out in the Code of Euric as the same was made, through conquest of territory, the law of early Spain; and we find this early code followed by the Spanish law or code called *Fuero Juzgo*. The law itself took on various forms during the Spanish succession but at no time did it lose its original nature nor its original method of operation. For instance, we find the law set out in 1506 in a Spanish codification entitled "*Cortes of Toro*." Another code promulgated by Philip II in 1567 and another put forth by Charles II of Spain in 1680, each in turn carried the emphatic expression "law of community property" as we now term it, which laws and codes, in general terms, made clear distinction between the property of the husband, the property of the wife, and property acquired or accumulated by the community coverture.

Briefly stated, the law of Spain, as we find it passing down through its history, became the law of the Spanish territory in the Western World. The code called the *Cortes of Toro* published in 1506, and the code "*Nueva Recopilacion*" of 1567, and the code of 1680 published by Charles II of Spain and styled "*Recopilacion de Indias*," all made emphatic pronouncements that in the territories under the Spanish flag the laws of Castile must be observed. It was in this way that the civil law of Spain became a part of the law of Spanish America; and hence the law governing conjugal property or, as we term it, community property, became the law of Mexico and remained so, with varying local changes, until the independence of Mexico was achieved in 1821.

The spirit of the community-property law, as it was recognized in Mexico, is fairly stated in a publication having a date as late as 1888, in which the Mexican commentator expresses himself thus (translation):

"There being common to both consorts the hardships and sufferings which life brings with it, and together equally dividing the sacrifices and efforts necessary to overcome them, it is just and natural that there be likewise common the profits which may come to the consorts, basing itself solely on this, without regard to the greater or less wealth which either of the consorts may bring to the marriage."

I will not attempt to burden you with the distinction that will be found in organic and statutory laws of the respective States of the Union, as for instance the law of Louisiana may differ from the law of California, each being community-property States, the former having both French and Spanish flavor; and in turn the law of Washington may differ from that of other States, but in essentials they take their spirit from the same source. My purpose in dealing primarily with the history of the law of community property is to emphasize to you and to your committee that the States in which community-property law exists, acquired that law from the original sovereignty controlling the territory out of which these States were respectively formed, or from the civil law, as distinguished from the common law. For example, I respectfully draw your attention to the history of the law of the State of Texas, in which we find the rule of community property prevailing, because when Texas became independent from Mexico and came into the United States, that State retained her laws of community property while at the same time she adopted the common law in almost every other respect.

The Treaty of Guadalupe Hidalgo, closing the Mexican War, brought to the United States the territory now embraced within the States of New Mexico, Arizona, California, Idaho, and Nevada, in all of which territory and the States carved out of the same, the law of community property, as it had prevailed under the rule of Mexico, and as the same had been transmitted to Mexico by the parent country, Spain, was retained. In nearly every one of these States, when they became States, the common law was adopted, but notwithstanding the adoption of the common law, the wife's status in respect to matrimonial property was excluded and her rights in such property as they existed under the Spanish and Mexican domination were recognized, retained, and protected. In this respect I would draw your attention to the decisions of the Supreme Court in the case of *Botiller v. Dominguez* (130 U. S. 238); *La-Tourette v. La-Tourette* (15 Ariz. 200); and *Blum v. Wardell* (270 Fed. 309).

It might be at the hazard of your patience were I to go into the detail of the law applicable to the several States in which the community-property law exists. Suffice it to say that in Louisiana, by reason of its history, the territory first being under French domination, later under Spanish and still later under French domination, we find the Code Napoleon, so styled, combined with the Spanish codes and again modified by statutory provision when the State became a part of the Union. Nevertheless, we find the community-property law existent.

In Texas and California, the territory being originally a part of the territory of Mexico, we find the community system of Spain and Mexico carried to a great extent into the organic law and provisions for its operation made by statutory enactment. In the States of New Mexico, Arizona, and Nevada the community-property law exists almost in its purity as it existed under the Mexican sovereignty.

A decision rendered by the Supreme Court of the State of California entitled: "*In re Moffitt's Estate*," has been almost unanimously repudiated not only by the very court that rendered it, but by other courts and commentators as well (the California courts were in complete disruption due to the catastrophe of fire and earthquake). There the court made the following startling announcement:

"That the interest of the wife in the community property during the lifetime of her husband is only an expectancy, and that on his death she takes it as an heir."

This decision was repudiated by the courts of California in a later case of *Stewart v. Stewart* (249 Pac. 197). The act of the Legislature of California might also be construed as repudiation.

The Supreme Court of Nevada—the State I represent—refused to follow the Moffitt case when it rendered the decision in the matter of the Estate of Warren Williams, which decision is now the ruling case in that jurisdiction, and to which I hereafter refer.

The States of Florida, Missouri, Arkansas, Iowa, and Mississippi, in which either the Spanish community-property law or the French community-property law originally prevailed, have adopted the common law. Louisiana, however, retains to this day the spirit of the Spanish law modified by the Code Napoleon.

Nevada, like other Western States, retained the spirit of the Spanish law as the same prevailed when the territory was ceded to the United States, and we find in the constitution of Nevada the provision:

"All property, both real and personal, of the wife, owned or claimed by her before marriage, and that acquired afterward by gift, devise, or descent, shall be her separate property; and laws shall be passed more clearly defining the rights of the wife in relation, as well to her separate property,

as to that held in common with her husband. Laws shall also be passed providing for the registration of the wife's separate property."

The statutes of Nevada carry out the full spirit and intent of the organic law and the full spirit and intent of the law of community property, as the same existed in the territory embraced within the confines of the State when that territory was a part of the Mexican possessions.

As a member of the court of last resort of the State of Nevada, it was my privilege to make a special study of this subject and to write the opinion and decision of that court in the matter of the *Estate of Warren W. Williams, Deceased* (40 Nev. 241), and in that opinion the court dwelt at length with the subject of community property, its nature and existence. This opinion took into consideration the history of the law of community property and the constitutional and statutory provisions of the State; and there we took occasion to express:

"From all our statutory enactments bearing upon the subject of the relation of husband and wife, and especially from those having to do with the acquisition, retention, and disposition of community property, we are unable to arrive at a conclusion that the constitution framers and the legislature, in establishing the community system and in promulgating the laws defining the rights of husband and wife as to property thus held, intended other than that the wife should have an interest in the property acquired by the joint efforts of the community, which interest, while it should remain in a sense indistinguishable during the existence of the community, was nevertheless a property interest of which she was, at all times, possessed."

And again we said:

"It may, we think, be asserted, supported by the great weight of authority, that the interest of the wife in the community property and her title thereto, is no less than that held by the husband, and is such a title in the wife as not to be regarded as a mere expectancy."

The Attorney General in response to the inquiry of the Department concluded as to all community-property States, including Arizona, Louisiana, Washington, Idaho, New Mexico, and Nevada, that "The husband and wife domiciled therein, in rendering separate income tax returns, may each report as gross income, one-half of the income which, under the laws of the respective States, becomes simultaneously with its receipt, community property." (Opinion of Attorney General (32 P. 435).)

The Supreme Court of the United States has announced the rule that where the State decisions have interpreted State laws governing property or controlling relations that are essentially of a domestic and State nature, such decisions will be followed if possible. (*Warburton v. White* (176 U. S. 484).)

It is scarcely necessary for me to draw your attention to the ruling of the Internal Revenue Department which is, as I understand it, in substance that the rule of separate returns by husband and wife as to community-property earnings, is to be applied as the law is construed by the courts of last resort of the respective community-property States.

In the case of *Poe v. Seabury* (282 U. S. 101), Mr. Justice Roberts, speaking for the Supreme Court as to the right of the husband and wife to make separate returns under the community-property law of Washington, said: "... it must suffice to say that it is clear the wife has in Washington a vested property right in the community property, equal with that of her husband, and in the income of the community, including salaries or wages of either husband or wife, or both."



I trust that I will not have taxed your patience in this rather lengthy communication, but that by expressing myself as I have here, I may emphasize the fact that any attempt on the part of Congress to interfere with the present rule permitting husband and wife to make separate tax returns each reflecting one-half of the community income, will be resisted by everything within my power, and I know that in this I will be joined by the other community-property States.

If the community-property States of the Union see fit to extend to married women more definite and certain rights in the earnings and accumulations of the community effort, certainly it is not the part of justice and fair play that these States, while extending these rights to their citizens, shall be punished therefor, or compelled to abandon their laws, the policy of which is even older than the States, themselves, nor that the Federal Government shall construe the law other than as the same has been construed by the Courts of last resort of those respective States and by the Supreme Court of the United States.

In conclusion:

The law of community property came to the States as a part of the law of the land before they were States.

The law of community property was written into the organic law of the States, approved by Congress when the States were admitted into the Union.

The legislatures of the States enacted laws carrying out the spirit of the law as it had existed and as their constitutions pronounced.

The courts of the States have applied and construed the law of community property in keeping with the spirit of its fundamental principle.

The Supreme Court of the United States has recognized the fundamentals and laws of the States and has repronounced the doctrine as it was in the beginning.

Under the community-property law the husband and wife respectively have and hold each a vested right in and to one-half of the property acquired by community effort and the accretions thereof, including wages and salaries—this is a legal fact, not a fiction.

Under the community-property law and in community-property States the husband and the wife may each file returns reflecting as taxable income one-half of the whole income of the community established by their marital status.

Any attempt on the part of Congress to change this condition as crystallized into the laws of the respective States would be a discrimination and otherwise unconstitutional.

Thanking you for your courtesy in this matter, I am,

Sincerely yours,

PAT McCARRAN,

NOTE.—The Supreme Court of the United States in the case of *Hooper v. the Tax Commission* (284 U. S. 206) held in no uncertain terms that a tax based on an enforced joint return is illegal, arbitrary, and capricious. In this decision it will be noted that the Court, although dealing with the statute of the State of Wisconsin, did not hesitate to quote the case of *Knowland v. Moore* (187 U. S. 41), which in turn dealt directly with a Federal statute.

Mr. McCARRAN. Mr. President, I now yield to the Senator from Iowa, and I apologize for having kept him waiting this long.

Mr. HICKENLOOPER. Mr. President, I merely wished to ask the Senator whether he draws a distinction between the power of the civil law as a precedent, and the power of the statute law and, also, the power of the common law as a precedent.

Mr. McCARRAN. I draw the distinction in a certain way. Let me say that after having listened to the colloquy between the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Texas [Mr. CONNALLY] this thought came to my mind, and it may be worthy of attention: The State of Iowa repudiated the civil law when it set up its organic law. It then adopted the common law. Thereafter, whether by statute or otherwise, Iowa set up a means by which separate income returns might be made or by which separate laws might prevail as to the ownership of property by the wife and the ownership of property by the husband. But the founders of the organic law of the State of Iowa thus repudiated the civil law, which was basic to the territory out of which Iowa was carved. That being true, it seems to me that the claim of the State of Iowa for rights which exist under community-property States is not well founded. It may be that that argument is rather theoretical.

Mr. HICKENLOOPER. If the Senator will yield, I will say that I have as yet made no claim for any rights under community-property law, nor have I spoken, up to this point, at least, for the same recognition for my State as that accorded other States under the theory of community-property allowances in those States. What I am saying to the Senator is that partnership devices are at least as old as community-property law devices under the civil law. Partnership devices have been recognized as an integral part of the method of doing business, and the passing of a business from father to son, since we have had organized economic business.

Mr. McCARRAN. When the Senator uses the term "devices" he uses the correct term.

Mr. HICKENLOOPER. I say that a corporation is a device. Any kind of an organization for the transaction of business can be called a device.

Mr. McCARRAN. The Senator is correct.

Mr. HICKENLOOPER. I see no reason why the Bureau of Internal Revenue can call one thing fish and another fowl, why the Bureau of Internal Revenue justifies itself by saying, "We will recognize these rights as established by the law of one State, and we will not recognize these devices for doing business, or for handling incomes, as recognized by the law of another State," in other words, a partnership on one side, and a community-property situation on the other.

Mr. McCARRAN. Except for this consideration—and it may be conjectural again, and I think it is—that the Senator's State repudiated the very law that would have given citizens of that State the right to have community property. His State repudiated the civil law, which prevailed in the territory from which the State was carved.

Mr. HICKENLOOPER. While the Senator may in theory, and antiquity, have some foundation for saying that we repudiated the civil law—

Mr. McCARRAN. It is history.

Mr. HICKENLOOPER. I think when Iowa was in the Wisconsin territory and

the Michigan territory there were not enough people there to know the distinction between the civil law and the common law, and it was a matter that was handled for them.

Mr. McCARRAN. That may be true.

Mr. HICKENLOOPER. It makes little difference, in fact, it makes no difference, as I see it. It is a question of principle, as to whether or not operations which are perfectly legal—and I am assuming the legality; I am not assuming fraud or fraudulent activities, or intention to violate the law—it is a question whether or not activities which are perfectly legal in the operation of a business in one State are refused recognition by the policy determination of a department here, which, I submit, has later been given great aid and comfort by a couple of Supreme Court decisions; while in another State, on the theory that it is the law of that State, and a part of its basic law, the Department recognize that law for tax purposes, with consequent discrimination against the other State. As I have said, up to this point I have not discussed the question whether or not they should treat my State on the same basis on which community-property States are treated, but I am complaining at the moment that the Bureau of Internal Revenue refuses to recognize business operations which are just as completely valid, just as completely legal, just as completely sound, as title to property itself.

Mr. McCARRAN. All I can say to that is, I am sorry.

Mr. HICKENLOOPER. If the Senator is sorry for us, what does he think we are for ourselves?

Mr. FULBRIGHT. Mr. President, much has been said about Arkansas having once been a community-property State. I have a report from the Library of Congress from which I wish to read. It says, referring to community property:

This form of ownership was eliminated in Florida by the treaty of cession in 1819, and in Missouri Territory, out of which the States of Arkansas, Iowa, Mississippi, and Missouri were formed, by the acts of the territorial legislature adopted in 1807 and 1816. Oregon, in 1945, repealed a community property statute adopted in 1943.

So that at least since Arkansas has been a State, it has not had community property laws.

It is true, in accordance with the statement of the Senator from Nevada, that its effect on taxes comes from an ancient principle of law arising from Spanish and French law, but it certainly was not a direct consequence of that law, that is, it was not intended to result, as the Senator from Texas said. It is in the nature of an accidental windfall. This great advantage has grown out of a situation which no one contemplated at the time, and none of us who are supporting the amendment are trying to take it away from those States. That was tried before, as I said a moment ago, as long ago as in 1921. All we are trying to do is to give to the States which do not now enjoy this particular windfall the same privileges, and to put them on an equality, so far as taxation goes.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. I wonder if the Senator agrees that the question of whether or not a State has a community property law as a base is completely within the sovereignty of the State and depends not one whit on whether the civil law or the common law controls within the State.

Mr. FULBRIGHT. The State of Oklahoma recently has adopted it, and they make no bones about having done so for the purpose of getting an advantage in paying the income tax. They first adopted it, and then it was proved inadequate. I have the history of that, if the Senator is interested.

Mr. HICKENLOOPER. That is exactly what I attempted to indicate. What I was asking the Senate was whether or not the Senator agrees with me that the question of whether a State adopts or refuses to adopt a community-property law is a matter completely within the sovereignty of the State.

Mr. FULBRIGHT. Absolutely; there is no question about it.

Mr. HICKENLOOPER. It does not stem from the fact that the State might have been under the civil law at one time or might never have been under the civil law.

Mr. FULBRIGHT. No; Iowa was in the same situation in which Arkansas once found itself; Iowa was once subject to the old civil law; but, as I just read, it was repealed before Iowa became a State. The whole situation with regard to taxes is an unexpected windfall. What the Senator from Texas and the Senator from New Mexico have said about the status of women, and so on, refers to an entirely different matter. I do not think it would seriously be urged that the women of Texas and New Mexico are treated vastly better than those in Iowa and Arkansas, so far as any difference in the distribution of incomes or earnings of the inhabitants of those States are concerned.

I will say there is this advantage, in addition to the tax exemption, it makes it very difficult for creditors, unless they are very wary, because they have to take into consideration the fact that in levying on property the wife may assert her property right. But in the everyday business of dealing with one's salary, I do not think there is any difference at all.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HATCH. I merely rose to say that the question of creditors never enters into the situation. There is never any trouble in the community-property States, for in most of them the property is subject to debts. That is not a factor. I do think that the wives in the community-property States, from a property standpoint, are vastly better treated than in the common-law States.

Mr. FULBRIGHT. As the Senator from Texas indicated, when it comes to divorce or death, there is a difference, but in the average carrying on of day-to-day business I doubt that there is any substantial difference at all.

I think the action of the Government in regard to the taxation of inheritances, to which the Senator from Texas referred, shows that the administrative branch of the Government, the taxing branch, has gradually been putting pressure on in this situation, which it is recognized is wholly unwarranted under our Federal tax system, regardless of what the local tax system may be in regard to distinction between man and wife.

Mr. HATCH. Mr. President, if the Senator from Arkansas will yield, does he argue that the inheritance tax law, passed in 1942, to which reference has been made, is a fair and just measure?

Mr. FULBRIGHT. I think it is about the only way by which, under the existing law, it is possible to make up for the glaring inequities that exist under the income tax law. It does not make up for them completely, but it does so to a degree. The Senator is familiar with the saying that a bad law makes bad decisions. A gross inequity exists here, which I think has created a tendency to adopt other provisions of law in order to equalize the situation. Before I leave the question of creditors, I should like to read briefly to the Senator—

Mr. HATCH. Mr. President, will the Senator yield for a moment?

Mr. FULBRIGHT. I should like first to read a statement with regard to creditors. It is from the Library of Congress, an impartial source. It is a discussion of the advantages and disadvantages of community property. It says:

The greatest losses which these practices—

Referring to the community property system—

entail, as well as other shortcomings attributable to this system, are sustained by third parties, chiefly creditors. Unless they make adequate investigation, examine property rights carefully, and are cognizant of the wife's vested interests in community property, they may discover, in transactions with the husband, that the latter was not legally competent to pledge as assets securing his debts the property which appeared to be his own. All evidences of wealth that are employed in business transactions, such as real estate, bank deposits, securities, and insurance, must be evaluated by the creditor in terms of the wife's interest therein if the assets appropriated in the event of a default are not to prove inadequate. Lack of protection for creditors is declared to be "the most glaring defect of the community-property system."

That gets entirely away from taxes, but I have read that in reply to the Senator's remark about creditors. What I am interested in is not the matter of creditors; that is of no importance to us at all.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HATCH. While the Senator is casting that reflection upon the community-property States—

Mr. FULBRIGHT. I did not cast a reflection; I read a statement by an expert in the Library of Congress.

Mr. HATCH. Evidently the Senator endorsed it and approved it, just as the Senator endorses the iniquitous inheritance tax on the wife's property. The Senator has now raised the question of

the creditor. Under community-property laws, the husband cannot mortgage or pledge real estate of the wife, or other community property, without the wife's joining in the pledge or mortgage. That is not unknown to creditors; it is a matter of common knowledge. It is in the law, and it has never made my State or other community-property States open to criticism. It is a further protection of the wife's absolute ownership of one-half the community property.

Mr. FULBRIGHT. Mr. President, I do not care to pursue the question of ownership of the property. What we are primarily interested in is income. What is involved is the earnings of the husband. The income from property owned by the wife, in any State, is hers regardless of whether it be community property or otherwise. If the wife owns a building and receives income, the income is hers, and she reports it. What we are particularly interested in is the question of the earned income of the husband. That is the big problem, and that is where the great advantage on the one hand or the great disadvantage on the other hand lies.

Reference has been made to the question of partnership. I should like to point out, however, in addition to the income tax, in the case mentioned by the senior Senator from Arkansas, and to which I referred before the committee, that in Arkansas, in order to vest ownership in the wife by gift, a tax must be paid. Senators know that the gift tax has now been increased to the point where it is only slightly less than the inheritance tax. In Texas and New Mexico, the same result is reached without a tax.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. With reference to a legitimate gift by a husband to his wife, upon which the gift tax is paid, the Internal Revenue Bureau refuses to recognize the validity of the transaction.

Mr. FULBRIGHT. That is exactly correct.

Mr. HICKENLOOPER. The department overturns such transaction and says they are no good.

Mr. FULBRIGHT. That is exactly correct. They laid down some kind of rule, on the theory that the wife does not participate in the business. I think that if, in addition to paying a tax and setting up the partnership, the wife then assumed direction of the business, the transaction might be recognized; but in a community-property State the wife certainly does not have to do anything, and yet the partnership is recognized and there is no gift tax in such a State.

Mr. HICKENLOOPER. Mr. President, may I call this to the Senator's attention, if he will yield—

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. The Department attempts to draw a peculiar distinction, putting a certain odium upon a transaction between members of a family. They draw a distinction in such a case as this: If the Senator has a business, and I happen to have a little money,



and I want to put it into the business as a partner, and I elect not to take part in the management of the business, saying I would rather have the Senator manage it, that he knows all about it; in that case they will recognize the partnership. But if the wife does not participate in the business, they say, "There is something vicious about that, and we will not recognize the legality of it." It may be a perfectly proper transfer and a perfectly proper vesting of title under the law of the State where it occurs. I fail to see the soundness of their reasoning in such a case.

Mr. FULBRIGHT. That is correct. It is assumed, the Department says, that the transaction was entered into for the purpose of avoiding taxes. That is apparently the assumption. The Senator has stated exactly the way it is done, and I have several cases in my files, showing that that has taken place in Arkansas. I am sure it has occurred elsewhere.

Mr. HICKENLOOPER. Mr. President, will the Senator further yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. May I suggest to the Senator that, for the first time, so far as I know, in the administration of the internal-revenue laws no distinction is now being drawn between tax avoidance and tax evasion? Heretofore there has been all the difference between legitimacy and illegality. As I recently pointed out to certain people who are very much interested in this matter officially, tax avoidance, as it has always been considered, is today practiced by the internal-revenue department itself, because every year it sends out broadsides saying, "Do not pay more taxes than you have to—here is where you can claim a deduction—here is what you can do—do not pay on this—you do not need to report that." That is tax avoidance; meaning only that a person avoids the payment of taxes for which he is not legally liable. Tax evasion, as I understand it, is a situation in which persons either conspire or enter into some sort of arrangement in order to avoid paying taxes for which they are legitimately chargeable.

Mr. FULBRIGHT. That is true.

Mr. HICKENLOOPER. But apparently today there is no longer a distinction such as there has been in the past between legitimate tax avoidance, or the avoidance of paying taxes for which one is not legally liable, and tax evasion. In practice those two terms have now been merged.

Mr. FULBRIGHT. I think it is completely indefensible. For the information of the Senator—I do not think this has even been mentioned—and as showing the conscience of the public in general on this question, a Gallup poll was taken. Only a week ago, I think, the Saturday Evening Post had a very exhaustive article pointing out in great detail the injustice of the situation. If the Senator happened to see it, it was a very excellent article. In a Gallup poll on the subject, taken only a short time ago, the question propounded was:

For the purpose of income taxes, in 9 States a man and wife can divide their income equally between themselves to reduce their

income tax. Should married couples in the other 39 States be allowed to do the same thing?

If a Gallup poll has any political significance at all, I think everybody ought to take notice of the result of the poll. Of the replies, 74 percent were "yes," 10 percent "no," and 16 percent "no opinion." As between Democrats and Republicans, the replies of Democrats were 72 percent "yes," 10 percent "no"; of the Republicans, who in this instance had even a greater sense of justice than the Democrats, 77 percent said "yes," that there should be no such discrimination. I think that ought to be very helpful in giving us an idea of what the public in general thinks about such discrimination.

I have a letter in my hand which has some appropriateness to the statement made by the senior Senator from Texas, who made such a moving appeal a moment ago in regard to the status of women. I may explain that Texarkana, Ark., is on the line between Texas and Arkansas. The State line runs right down the middle of the main street. Recently the town has begun to be lopsided. The letter is from one of the leading attorneys of Texarkana. I read only a part of the letter. He says:

Here on the Texas-Arkansas line we are losing many valuable citizens because they go across the State line and buy themselves a home on the difference they would pay in income tax. This makes real estate in Texas more valuable than in Arkansas, because the identical house will sell for \$1,000 to \$5,000 more on the Texas side than it will on the Arkansas side. If all the States which do not have a community-property law will get together something surely can be accomplished.

The writer of that letter, Mr. President, simply cannot understand why 39 other States stupidly sit by and see such things as this going on indefinitely.

I want to repeat that the effort to do something about this matter was started in 1921. This is not the first time the matter has been discussed. It is true the approach before was to take away the privilege of making separate returns, and that failed. But the movement was started in 1921. All during the 1920's, as Senators will recall, under the great Secretary of the Treasury, Mr. Mellon, taxes were often reduced, and there were plenty of opportunities then to have rectified this inequity, but nothing was done about it. More recently, I think in 1942, an effort was made to rectify the inequity, but it was stymied. Opponents were always able to put off action, just as they are trying to put off action now. I know that if we do not take action now when there is an opportunity to reduce taxes, there will not be anything seriously done next year because it will then be said "Oh, yes; we know it is indefensible, and so on, but we cannot reduce taxes now. It would cost \$800,000,000."

Mr. President, it is such a simple matter to take the action we propose under the present situation. Although I may not be in accord with the pending bill, I think everyone agrees and everything indicates that a bill will be passed, and the result will be to reduce taxes somewhere between three and four billion

dollars. There is no difficulty whatever in incorporating into the bill the proposed rectification of this inequity. It is a very simple matter to do so.

I think no one can justifiably say that the inclusion of the pending amendment will affect primarily the larger incomes from \$5,000 on up to, let us say, \$100,000. All that is needed to be done is simply to adjust the rates in the existing bill in those brackets, and the same amount of reduction in taxes will be achieved without any serious upsetting of the situation. I think the adjustment can be made in a very short time. I think one of the substitute bills which will be offered here has already worked out the adjustment between the raising of the exemptions in order to benefit the small incomes and the incorporation of this proposal, in order to give relief to the large incomes. I know there would be no difficulty in making such adjustment. I cannot understand any reason at all why the leadership will not do so except that they believe that because there has been much publicity concerning H. R. 1, and because the committee did not take action, therefore, as a matter of party prestige, the bill must be gone through with as it is. I cannot see any real objection to the inclusion of the proposal, because no one undertakes to justify such an inequity as now exists, except Members from the community-property States, and, of course, there is no reason for us ever to expect them to change their views. After all, what it amounts to is that you and I, Mr. President, and your people and ours, pay higher taxes on account of this situation. Assuming that a certain amount of tax money is necessary in order to operate the Government year after year, the people in the Senator's State of Iowa and mine in the State of Arkansas have been paying the difference. That is all there is to it. They have been doing it ever since there was a Federal income tax.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. I want to suggest to the Senator the very sincere observation that the proposal does intrigue me and I cannot fully justify in my own mind why other States do not adopt the community-property law rather than ask for congressional action on the matter. It seems to me that some of the other States—I suggest my own—which do not have a community-property law can take remedial action. There is a place, the legislatures of the various States, where a community-property law can be adopted and put into effect. I have been a little intrigued over why more of them do not do so.

Mr. FULBRIGHT. There are several reasons, I think. The constitution of my own State sets out certain provisions respecting dower rights, and so on, of women. If we were to approach it from the point of view of the ownership of property it would require a constitutional amendment, or so it is thought by the leading lawyers of my State. In addition to that, one reason why it has not become so acute a question, and there

has not been great pressure to take action, is that up until recent years the income taxes have not been nearly so high as they are now. It is because we are in the present period when taxes are a great burden and the graduation of taxes is so steep that a real inequity has developed.

The conditions are becoming more serious. If we look at the difference in taxes paid as between community- and non-community-property States, it will be found that there is considerable discrimination in favor of community-property States. I do not want to burden the record but the discrimination runs up as high as 29 percent on an income of \$100,000 a year. That is a tremendous differential. It means that about every 5 years an extra year's income is received from such a taxpayer in a non-community-property State. The difference between the income of the Senator from Iowa and the Senator from California runs up to almost 1 month's salary every year. The differential is more than \$600. The difference comes about by reason of the steep graduation of the taxes. If the tax were at a flat rate, there would be no difference. The tax is so burdensome to the taxpayer in the non-community-property State because of the progressive graduation in the taxes.

The other reason is that the lawyers in my State discussed the subject this year and said that in the first place action by our State would upset the long-established principles of property rights and would entail a great deal of litigation, and it would be some years before everything was tried through the courts. Then they added this significant thought. They said that the situation is so clear, that such a glaring inequity exists, that surely the Congress will do something about it, and they themselves did not want to undertake to do it. I have a letter to that effect. The letter says, "We are sure that this year or next the Congress will straighten out this matter, because we cannot imagine that when 39 States are subject to this disadvantage they would continue to endure it." That was the reasoning of the letter from the president of the Bar Association of Arkansas.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. Why do they submit this matter to the speculative action of Congress when it is within the power of the Legislature of the State of Arkansas to take action to correct the situation?

Mr. FULBRIGHT. Those who take the position I have referred to have not had the privilege of being Members of the Senate, and they do not appreciate the difficulty incident to remedial legislation of this sort. They think the inequity is so patent and obvious that Congress would naturally take action to remedy the situation.

Mr. HICKENLOOPER. I am not in violent disagreement with the Senator, but I am frankly expressing some of the questions which have been in my mind, particularly as to why the States themselves do not take action.

Mr. FULBRIGHT. Here are 39 States, all with long histories of legislation and interpretation by their courts respecting property. It seems to me that since this inequity arises as an unexpected windfall to a few States, the only proper thing to do is to apply the uniform principle of Federal taxation rather than to make all 39 States, many of which have a much longer history than the community-property States, conform to a principle which, after all, grew out of Spanish and French civil law, whereas most of our laws stem from the common law.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McFARLAND. Does the Senator contend that there is not any inequity in the descent distribution laws which gives the husband two-thirds of the property and the wife one-third?

Mr. FULBRIGHT. Is the Senator referring to the common law?

Mr. McFARLAND. Yes.

Mr. FULBRIGHT. I was not making any comment about descent and distribution. All I am trying to say is that the impact of the Federal tax law ought to be the same, regardless of the fact that citizens live in different States. A distinction between citizens within the United States is not a recognized and proper basis for discrimination in taxes.

Mr. McFARLAND. But the tax is based upon ownership of property, or is based upon income.

Mr. FULBRIGHT. I contend that as a practical matter the earned salary of a man—the Senator from Arizona, for example—does not involve any question of difference of disposition. The disposition of the Senator's salary is not unlike the disposition of my own. As a practical, everyday business matter, the Senator does not go through the formality of turning over half of his salary to his wife. No one else does. It is only in certain contingencies such as divorce, death, and levying on property, that the principle has any significance at all.

Mr. McFARLAND. The Senator from Arkansas would not want the Senator from Arizona to reveal how little of his income he gets, would he? [Laughter.]

Mr. FULBRIGHT. The Senator's situation is no different from mine. There is no distinction between the Senator and myself in that respect. I was not referring to the amount.

Mr. McFARLAND. Nor am I. While my last remark was facetious, I am discussing the laws. Let us get away from the question of individual income. The Senator from Arkansas and the Senator from Arizona might have to reveal that they did not get even 50 percent of their salaries. [Laughter.] Let us talk about the laws, which the Senator says have been in existence for so long. The Senator does not contend for one moment, does he, that a law which gives to the husband more of the property at death than is given to the wife is a fair and equitable law?

Mr. FULBRIGHT. I am afraid I do not quite follow the Senator. I do not know to which law he is referring.

Mr. McFARLAND. I am referring to the laws of any of the 39 States which do not provide for division of property as

community property, and in which the wife does not receive one-half of the property.

Mr. FULBRIGHT. Generally speaking, under the law she receives a third.

Mr. McFARLAND. Does the Senator contend that that is an equitable and just law for the wife?

Mr. FULBRIGHT. I have not contended one way or the other. That has nothing to do with the question of taxation.

Mr. McFARLAND. I am of the opinion it has everything to do with it.

Mr. FULBRIGHT. I am not so sure that it is not all right. At any rate, such laws have an ancient lineage.

Mr. McFARLAND. If the Senator contends that is a just law, that is one thing—

Mr. FULBRIGHT. I do not quite see the relevancy of that question to the question of income tax.

Mr. McFARLAND. It is relevant because the community-property laws are based upon the partnership theory. What the community earns belongs one-half to the husband and one-half to the wife. The courts have held, in the community-property States—

Mr. FULBRIGHT. That is a rather strange approach. Does not the Senator have a right to spend his salary as he chooses? Let us assume, for illustration, that he receives \$1,000 a month. Cannot the Senator spend that money without his wife's consent?

Mr. McFARLAND. For the benefit of the community.

Mr. FULBRIGHT. Does the Senator mean that he could not take a trip without his wife's consent? What would happen to him if he did? I do not wish to be personal. I am simply using the Senator as an illustration. If the Senator prefers, let us take John Jones, who lives in Arizona—

Mr. McFARLAND. What would there be to hinder the wife from taking a trip?

Mr. FULBRIGHT. She would not have the money in her possession. I do not understand the great significance of the argument. Actually the Senator has his salary in his own possession and control, and he can spend it. He does not have to obtain a release from his wife.

Mr. McFARLAND. Under any law someone must handle the money.

Mr. FULBRIGHT. That is correct.

Mr. McFARLAND. So far as I am personally concerned, if the Senator wants me to tell him how we handle our affairs—

Mr. FULBRIGHT. No; I do not care about that.

Mr. McFARLAND. My wife and I have a joint bank account.

Mr. FULBRIGHT. Is it necessary to have a joint bank account?

Mr. McFARLAND. No; it could all be in the wife's name.

Mr. FULBRIGHT. If the Senator wished to do so, he could spend his salary, just as I spend mine, and there would be no consequences other than personal relations. There would be no legal consequences.

Mr. McFARLAND. There might be legal consequences if the practice were continued for too long, because the wife



could do something about it. The law protects her. So far as the management of personal property is concerned, either the husband or the wife must be the manager of such property. That is the only distinction. When it comes to real property, the property is one-half the husband's and one-half the wife's, as is the personal property. However, the signatures of both are required in order to convey real property.

Mr. FULBRIGHT. In my State the signatures of both are required to convey real property. The wife must release her dower rights.

Mr. McFARLAND. The difference is this: The courts have held that the wife does not receive her half of the property by inheritance. Her half of the property already belongs to her. She has earned it during her lifetime.

Mr. FULBRIGHT. Be that as it may, I still do not think that is relevant or significant in relation to the question of income tax.

Mr. McFARLAND. I see that the Senator does not fully appreciate the effect of the community-property laws. I agree with the Senator from Texas that there is a distinction—

Mr. FULBRIGHT. What is the Senator's objection to permitting the citizens of other States to pay taxes based upon the same division of income?

Mr. McFARLAND. I have no objection to permitting individuals from any State to pay taxes on the basis of the income which belongs to the respective individuals. When it comes to the contract referred to by the Senator from Iowa [Mr. HICKENLOOPER], I do not see why anyone could object if the income actually belonged to the individual. But any other basis would not be a proper basis for taxation.

Mr. FULBRIGHT. I venture to say that half of my income belongs to my wife in just as real a sense as half of the Senator's salary belongs to his wife.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LUCAS. I think everyone would agree that, regardless of whether one lives in a community-property State or a non-community-property State, the individual who is earning the money, whether it be the husband or the wife, is the one who handles the pocketbook and handles the affairs of the family.

Mr. FULBRIGHT. Certainly.

Mr. LUCAS. All we are asking is that we be put on a uniform basis with the community-property States so far as Federal taxation is concerned.

Mr. FULBRIGHT. That is correct.

Mr. LUCAS. The income-tax law has now become the chief revenue producer for the Nation. As has been previously stated, there are between 47,000,000 and 49,000,000 persons filing income-tax returns with the Government. All we are seeking, and all we desire, is to be placed on a uniform basis with the citizens of other States so far as Federal taxation is concerned. For the life of me, I cannot understand why individuals in community-property States take the position they take. Sooner or later, of course, the situation will have to be remedied, because it cannot continue indefinitely.

An individual in the State of the Senator from Arizona, for example, who makes \$20,000 a year, pays an income tax on \$10,000, and his wife pays an income tax on \$10,000.

Mr. FULBRIGHT. That is correct.

Mr. LUCAS. While the individual in Illinois or Arkansas who makes \$20,000 a year, and whose wife has no separate income, pays a tax on the total \$20,000.

Mr. FULBRIGHT. That is correct. The rate is approximately 20-percent greater.

Mr. LUCAS. That is correct. If there is anything fair and equitable about that, then I do not understand the meaning of equity; and I studied a little of it during my early days in law. I have learned more about it since I have been in the Senate. There is no equity in the position taken by those in the community-property States. Apparently they do not want us placed on the same basis. They want to continue to enjoy that advantage, but they are not willing for us to enjoy the same advantage.

Mr. FULBRIGHT. The reason is fairly clear. Year after year a certain amount must be paid in taxes to support the Federal Government. There is no denying the fact that those in community-property States would have to pay their fair share of the taxes, instead of a lesser share.

Mr. LUCAS. Of course.

Mr. FULBRIGHT. They are insisting on keeping an advantage which was derived accidentally, I would say, certainly not unfairly, from the ancient originators of this principle. That is what it amounts to. The strange thing, to me, is that 39 States will stand for it.

Mr. LUCAS. There was no income-tax law at that time.

Mr. FULBRIGHT. No; it was not of sufficient importance before. Up to this point I cannot understand why even the chairman of the great Committee on Finance is so reluctant to rectify this obvious, blatant injustice imposed on 39 States.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McFARLAND. Let us suppose that the \$20,000 which the Senator from Illinois mentioned was in existence at the time of the death of the husband, how much of that money would the wife inherit in the State of Arkansas?

Mr. FULBRIGHT. Does the Senator mean, without a will?

Mr. McFARLAND. Yes.

Mr. FULBRIGHT. The husband could will away all of it.

Mr. McFARLAND. Let us suppose there is no will.

Mr. FULBRIGHT. The wife would get one-third, I believe. If there is no will she receives a third.

Mr. McFARLAND. Under the provision which the Senator spoke of, dividing it \$10,000 to the husband and \$10,000 to the wife, the wife would not get half of the saving would she? She would get only a third of it?

Mr. FULBRIGHT. Under the law; yes.

Mr. McFARLAND. Would there be anything equitable about that?

Mr. FULBRIGHT. That has no relation to the income tax. I do not see how in the Senator's mind that has anything to do with the amount of taxes they pay on their earnings.

I want to point out one or two other things in connection with the gift tax. A husband makes a gift of community property to his wife who already possesses a vested and undivided half-interest in it. It is in effect a gift tax. Of course there was a very vague theory about ownership that seemed to accrue in the beginning, but the Supreme Court in 1926 ruled that the interest accorded the wife under the California property law as then drafted was not a vested right, but only an expectancy in the marital property; and on that ground it denied California married couples the privilege of splitting their income and of enjoying the savings effected thereby. That was not so long ago. If the Senator wants the citation I will give it.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. In a moment. That case was *U. S. v. Robbins* (259, 315). Let me finish this paragraph and I shall yield to the Senator. It was not until California amended its law, effective July 2, 1927, that married taxpayers of that State regained these privileges.

A second instance in which a State community property law failed to meet Federal requirements, with resulting forfeiture of tax economies, was presented when Federal authorities ruled that the Oklahoma community-property law of 1939 was inadequate because of its provisions for voluntary election by married persons to come under its terms. Oklahoma enacted a new community property law in 1945, effective July 26, 1945. The new law omits the former provision for an election, but whether it will be acceptable to the Bureau of Internal Revenue remains to be seen.

It seems to me ridiculous that in order to overcome the obvious discrimination based upon residence in States each State must go through all that rigmarole and the difficulties that obviously are inherent in trying to change their laws.

I now yield to the Senator from California.

Mr. KNOWLAND. The Senator has partially answered the question by continuing his remarks. I merely wanted to point out that so far as the interest of a wife in community property in California is concerned, it is not an expectancy; it is a right which she has at the time the community interest is earned. As the able Senator from Texas [Mr. CONNALLY] pointed out, the wife has a right to one-half of the community earnings, and in the case of the death of the wife she can will to anyone she sees fit her half of the community interest. If there is a divorce involved, the wife, not as a matter of getting a judicial determination, but as a matter of right, receives one-half of the community property accumulated during the married period.

I merely wish to point out to the able Senator that the reason for the change in the California law which he has mentioned is not that the State of California from historic times did not give a wife the right to have one-half the community interest, but it grew out of some of the de-

cisions by the Bureau of Internal Revenue which apparently failed to recognize something which was recognized in the State of California.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LUCAS. All afternoon one Senator after another has been placing the blame on the Bureau of Internal Revenue for the enforcement of some regulation or rule which has been laid down. That is an erroneous conclusion. As I understand, they may have gone a little too far in the construction of Supreme Court decisions, recently handed down, which give the Treasury the apparent right to do what it is doing at the present time.

Mr. FULBRIGHT. I think the Senator is referring to partnership cases.

Mr. LUCAS. That is correct. That is the case which the Senator from Iowa [Mr. HICKENLOOPER] has been discussing this afternoon. Great emphasis was laid upon the fact that the Internal Revenue Bureau was taking the wrong attitude. It may be it has gone too far in attempting to follow the reasoning of the Supreme Court. Nevertheless, there is some justification for it.

Mr. FULBRIGHT. I will say to the Senator that what makes it seem so unjust, and what really rolls the people in my State is the fact that in three States, Louisiana, Texas, and Oklahoma, a similar operation is going on. In one case a lumberman not far from the Louisiana border sees his competitor, just across the line, enjoying the privilege without having to pay gift taxes, but paying taxes substantially less than he has to pay. That is what makes him mad about the whole business.

Mr. LUCAS. Of course, the Senator is correct. The people have a right to be angry. As a result of the Supreme Court decisions in the cases which I have mentioned the time was never so propitious as it is now to adopt the kind of amendment offered by the Senator from Arkansas, because in my opinion, it will do away with the majority of the cases wherein the Treasury Department is seeking to collect taxes from partnerships involving husband and wife.

Mr. FULBRIGHT. Absolutely it will. Referring to the loss in income tax, in the next year's tax bill, taking into consideration the ability and the power to split incomes just as it is done in community-property States, all that needs to be done is to adjust the rates so that they will be on the same basis. If more income is needed they can be readjusted. From then on the inequity will no longer continue.

I should like to say one more word on this subject, and that is with regard to the illustrations about inequities given by the Senator from Colorado [Mr. MILLIKIN]. I cannot see that there is any justification for refusing to rectify this inequity unless other inequities such as double taxation of corporate dividends, and the question of whether or not there should be a larger exemption credit for earned income, which, incidentally, is a very important matter, are also rectified. I am in favor of some recognition of earned income and some

consideration of small business, but that, it seems to me, has absolutely no connection with a discrimination in taxation based upon residence.

I know of no other instance in the history of this country where the citizens of one State have been treated differently than the citizens of another State in regard to taxation or criminal law or civil law or any other law coming from the Federal Government, simply because they live in one particular State, as opposed to another State. That is not a sound basis for making a distinction. Let me also say that it seems to me to be absolutely indefensible to attempt to classify this inequity along with all the other inequities which have been mentioned and to set all of them aside for study in the future.

On February 5, I introduced Senate Joint Resolution 57, relating to this problem. The senior Senator from North Dakota [Mr. LANGER] followed that with Senate bill 550, the Senator from Oregon [Mr. CORDON] followed it with Senate bill 626, the Senator from Maryland [Mr. TYDINGS] followed it with Senate bill 649, and the Senator from West Virginia [Mr. REVERCOMB] followed it with Senate bill 776. When the matter was first called to their attention, the immediate reaction was, "Of course, this is a situation which should be remedied."

Mr. President, if it had been given any consideration in the committee, I think the amendment certainly would have been incorporated in the bill. The only reason that I can imagine why it was not incorporated in the bill is simply that the Senators on the other side of the aisle feel that having committed themselves as a party to this bill in the House of Representatives, under the leadership of Representative KNOTSON, they have to go through with it in more or less its original form. I do not think the committee seriously has given this question consideration at this time, as a practical matter.

I only wish to say again that I know that unless the amendment is adopted now, no serious consideration will be given to it next year. This same proposal has been filibustered to death on several occasions in the past, and has been delayed for 26 years. Unless we adopt it now, since we have an opportunity to incorporate it in a general tax-reduction bill, it is my opinion that it never will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. McCLELLAN] to the first committee amendment.

Mr. MILLIKIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Byrd	Dworshak
Baldwin	Cain	Eastland
Ball	Capehart	Eaton
Barkley	Capper	Ellender
Bricker	Connally	Ferguson
Brooks	Cooper	Flanders
Buck	Cordon	Fulbright
Bushfield	Donnell	George
Butler	Downey	Green

Gurney	McCarthy	Smith
Hatch	McClellan	Sparkman
Hawkes	McFarland	Stewart
Hayden	McMahon	Taft
Hickenlooper	Malone	Taylor
Hill	Maybank	Thomas, Utah
Hoe	Millikin	Thye
Holland	Moore	Umstead
Ives	Morse	Vandenberg
Jenner	Murray	Wagner
Johnson, Colo.	O'Daniel	Watkins
Johnston, S. C.	O'Mahoney	Wherry
Kem	Pepper	White
Knowland	Revercomb	Wiley
Langer	Robertson, Va.	Williams
Lodge	Robertson, Wyo.	Wilson
Lucas	Russell	Young
McCarran	Saltonstall	

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Arkansas to the first committee amendment.

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, I wish to say just a word before the vote is taken. This amendment would add from \$800,000,000 to \$1,000,000,000 to the cost of the bill we have before us, under the budgetary facts which were settled by the vote of yesterday. The subject matter of the amendment will come before the Ways and Means Committee of the House and the Senate Finance Committee, and have the most serious and friendly consideration.

Mr. PEPPER. Mr. President, will the Senator speak a little louder?

Mr. MILLIKIN. I was saying that the pending amendment would add from \$800,000,000 to \$1,000,000,000 to the cost of the bill before us. The subject matter of the amendment will have a top position on the agenda of the House Ways and Means Committee in connection with a general revision statute. The House Ways and Means Committee has started its consideration of these matters already. Secretary Snyder has testified. They will move diligently ahead with it. The Senate Finance Committee will give attention to it at the earliest possible moment. The amendment would transform this simple income-tax reduction bill into a species of general revision bill, and would grant group relief to a very small group, relatively speaking, instead of to 49,000,000 taxpayers, as we intended to do by the bill.

Mr. LUCAS. Did the Senator say it would cost \$1,000,000,000?

Mr. MILLIKIN. Yes. I am now informed that because of the retroactive feature, as it now stands, it would cost \$1,000,000,000.

Mr. LUCAS. I hope we will finally be able to agree on some definite amount as to what the amendment would cost. We have been told it would cost anywhere from \$750,000,000 to \$1,000,000,000. The Treasury Department testified definitely, and it is in the record, that it would cost \$752,000,000. The Senator in the debate has been talking about a cost of \$800,000,000, and now we have another piece of expert advice from the staff saying it is going to cost \$1,000,000,000. If we do not vote on the amendment tonight, I am sure it will cost us \$1,200,000,000 by tomorrow.



Mr. MILLIKIN. The amendment would have a retroactive effect, and that adds to the cost, making it \$1,000,000,000.

Mr. McCLELLAN. Mr. President, I shall not delay the vote, but since a brief explanation has been made by the chairman of the Committee on Finance, I wish to remind the Senate what the vote means.

By rejecting the amendment, Senators from 38 States of the Union would be leaving their people and their citizens in the same category of discrimination in which they have been for the past 25 years. Now we have a chance to correct that. Every time we have tried to do anything about it, we have heard that a little later, at more opportune season, the matter would be given attention. Now we have before us a tax-reduction bill. Let us use this opportunity. Let those of us at least who are not from the community-property States, those of us whose people are having to pay this extra tax, let us at this hour take advantage of the opportunity and remove this discrimination.

Mr. RUSSELL. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. RUSSELL. Does not the Senator believe that if we pass the pending bill reducing taxes generally by \$3,400,000,000, without this amendment added, we will probably never have another opportunity to vote for this simple act of justice, but will always be confronted with the argument that this is no time to reduce the taxes?

Mr. McCLELLAN. Mr. President, just so surely as Senators are misled this evening, just so surely as Senators accept the promise that next year the matter will be attended to at some time in the future, I say that that much longer will they be perpetuating a rank injustice upon the citizens of 38 States. If the relief were not granted next year, the injustice would be perpetrated that much longer.

Let me ask Senators, if the Federal Government cannot now stand a reduction in taxes of from \$800,000,000 to \$1,000,000,000, what assurance have they that it would be able to stand it 1 year from now? If it cannot stand it now, it cannot stand it a year from now, but sometime it will have to take the chance. This is the time and this is the place.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. McCLELLAN. I gladly yield.

Mr. HOLLAND. Will the Senator confirm or correct my understanding about the amount involved? Is it true that H. R. 1, as passed by the House, would have brought about a reduction in revenue estimated at \$4,900,000,000 a year?

Mr. McCLELLAN. My understanding is that it is \$3,800,000,000.

Mr. HOLLAND. H. R. 1?

Mr. McCLELLAN. H. R. 1 as passed by the House. Am I correct about that, that it is \$3,800,000,000?

Mr. LUCAS. I believe the Senator from Ohio estimated it definitely at \$4,800,000,000.

Mr. TAFT. The current bill reduces the income, on an annual basis, \$3,800,000,000; but because of the lag in the

collections, and so on, which I do not quite understand, but which has been explained to me often, the actual loss in receipts in the fiscal year from July 1 this year to July 1, 1948, will be only \$3,200,000,000.

Mr. HOLLAND. The Senator from Ohio speaks about the bill?

Mr. TAFT. The bill, without the amendment.

Mr. McCLELLAN. As I understand, the bill as it passed the House carried with it a reduction of \$3,800,000,000. The bill, as now revised by the Senate Finance Committee, carries with it an anticipated reduction of \$3,200,000,000. Am I correct about that?

Mr. TAFT. As amended by the Senate committee, the actual losses in receipts during the fiscal year which is coming will be only \$3,200,000,000, although I think on an annual basis, on a liability basis, so to speak, it is \$3,800,000,000.

Mr. LUCAS. Mr. President, may I ask the experts who are sitting in the Senate behind the majority seats what H. R. 1 as originally passed by the House of Representatives, before it came to the Senate, would have cost the Treasury?

Mr. TAFT. The experts are not allowed to speak on the floor of the Senate. It would cost about \$4,800,000,000 because of the retroactive feature of the House bill.

Mr. LUCAS. That is the point I wanted to make. I thought it was \$4,800,000,000, and it did pass the House of Representatives, and the House of Representatives said the Government could stand a reduction of \$4,800,000,000 now, at this particular time.

Mr. BARKLEY and several other Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida has the floor. To whom does he yield?

Mr. HOLLAND. I should like to say a word on my own time, Mr. President.

I read very carefully the preliminary statement—and it was an able one—made by the distinguished Senator from Colorado [Mr. MILLIKIN]. I also read very carefully the report of the committee. My recollection of the figures stated both by the distinguished Senator from Colorado and the report of the committee is that House bill 1 would cost the Federal Government in revenue the sum of \$4,900,000,000 a year.

From the same sources, the speech of the distinguished Senator from Colorado and the report of his committee, the pending bill as reported by the committee was said to cost the Government in reduced revenue \$3,200,000,000 a year. My point is, Mr. President and Senators, that even with the \$800,000,000 added to the bill by the pending amendment, the bill as so amended would cost the Federal Government only \$4,000,000,000 per year, as against the \$4,900,000,000, in which shape the measure came from the House, in the original House bill.

I also want to call to the attention of the Senate that in addition the Senate committee, in its wisdom—and I strongly approve of its wisdom—has changed the effective date so as to cut off a half year of that loss, by making the effective date as proposed in the bill now pending July

1 of this year, or the beginning of the fiscal year 1948, rather than January 1, 1947. It would appear therefore, Mr. President, unless I am absolutely misinformed—and I do not believe I am—that by the addition of this measure, so ably sponsored here by the Senator from Arkansas and argued, I think, and properly so, as being designed to do justice to the people and the taxpayers in 38 of the States, that even with the adoption of the amendment the cost of the bill as so amended would be in the neighborhood of \$4,000,000,000 per year, with the effect of it reduced, to begin at July 1 this year, as compared with the loss projected from the House bill of \$4,900,000,000, with the effective date January 1 of this year.

Mr. TAFT and Mr. BARKLEY addressed the chair.

Mr. HOLLAND. Let me conclude, please. I shall be glad to yield later.

It seems to me, Mr. President, that if what the distinguished Senator from Colorado wants is talking ground, ground to argue and trade, with the other branch of Congress, he will certainly have plenty of it, even with the adoption of the amendment, because even with that adoption and with the change in the effective date, the Senate bill will mean so much less loss of revenue than the original House measure that there will be ample ground for trading on the two measures in the conference committee.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. HOLLAND. I will be glad to yield.

Mr. MILLIKIN. In the interest of keeping straight the figures which have been mentioned, the Senator was correct when he said that the House bill, as it came here, would have cost \$4,900,000,000.

Mr. HOLLAND. I thank the Senator.

Mr. MILLIKIN. As we have amended it, it would cost \$3,200,000,000. That is at the assumed rate of annual income payments of \$170,000,000,000 a year. If I may make an observation, of course we took the House figure of \$4,900,000,000 and cut it down to \$3,200,000,000, because we thought that was sound procedure; and, so far as going into conference is concerned, I would infinitely prefer going in with a \$3,200,000,000 figure than with a figure of \$4,000,000,000 or higher.

Mr. HOLLAND. I appreciate the candor of the distinguished Senator. I have appreciated the references to the Bible and the hymn book, quoted from liberally, and I think very effectively by the Senator from Arkansas, but it seems to me that it is time to quote, too, that good, old proverb, that one must be just before he is generous, and that, while we are making this reduction to the taxpayers, which I think is long past due, I think we should also be just to the taxpayers in 38 States who are not now being justly treated, and who for 25 or 26 years have not been justly treated, and who do not have the simple expedient of a mere change of a single statute in the State laws, to accept the benefits under the existing Federal law, under which the citizens of 10 community property States are getting material benefits at the present time.

I am able to say this from the experience of the last few weeks, in the legis-

lature of my own State, where we have had a very determined effort to adopt the benefits of the community-property law. It has been found, so I am informed by leading legislators of both houses of the legislature, that there are many other implications not having to do at all with taxation, which have slowed down and may prevent for a long period of time the accomplishment of that purpose; such as, for instance, the involvement of constitutional provisions, having to do with homestead exemptions, or with married women's rights as they are fixed in the constitutions of various States, or having to do with various other constitutional and common-law provisions which cannot be changed overnight.

And so, Mr. President and Senators, it seems to me that while we are accomplishing this very material tax reduction—and I note with sympathy that the committee has named this bill the Individual Tax Reduction Law of 1947—that nothing could be more appropriate than that we effect a tax reduction to those people who have been unjustly taxed, as contrasted with the tax payments imposed upon people like them, just across State lines, for 26 years. I strongly hope that the amendment of the distinguished Senator from Arkansas will, in the interest of justice, be adopted.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. McCLELLAN] to the first committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WAGNER (when his name was called). I have a general pair with the Senator from Kansas [Mr. REED], who would vote "nay" if present. I transfer that pair to the Senator from Maryland [Mr. O'CONOR], who is absent on public business, and who, if present, would vote as I intend to vote. Therefore, being at liberty to vote, I vote "yea."

The roll call was concluded.

Mr. HATCH. I desire to announce that my colleague the Senator from New Mexico [Mr. CHAVEZ] is unavoidably detained because of illness in his family. If present, my colleague would vote "nay."

Mr. WHERRY. I announce that the Senator from Maine [Mr. BREWSTER] is necessarily absent and is paired with the Senator from Pennsylvania [Mr. MYERS]. If present and voting, the Senator from Maine would vote "nay," and the Senator from Pennsylvania, if present, would vote "yea."

The Senator from New Hampshire [Mr. BRIDGES], who is necessarily absent, is paired with the Senator from Tennessee [Mr. McKELLAR]. If present and voting, the Senator from New Hampshire would vote "nay" and the Senator from Tennessee would vote "yea."

The Senator from Pennsylvania [Mr. MARTIN], who is absent by leave of the Senate, is paired with the Senator from Rhode Island [Mr. McGRATH]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Rhode Island, if present, would vote "yea."

The Senator from New Hampshire [Mr. TOBEY], who is absent because of illness in his family, is paired with the Senator from West Virginia [Mr. KILGORE]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from West Virginia, if present, would vote "yea."

The Senator from Kansas [Mr. REED] is necessarily absent and is paired with the Senator from Maryland [Mr. O'CONOR]. If present and voting, the Senator from Kansas would vote "nay," and the Senator from Maryland, if present, would vote "yea."

Mr. LUCAS. I announce the following pairs on this vote: The Senator from Rhode Island [Mr. McGRATH], who is absent on public business, is paired with the Senator from Pennsylvania [Mr. MARTIN]. If present, the Senator from Rhode Island would vote "yea," and the Senator from Pennsylvania would vote "nay."

The Senator from Pennsylvania [Mr. MYERS], who is absent on public business, is paired with the Senator from Maine [Mr. BREWSTER]. If present, the Senator from Pennsylvania would vote "yea," and the Senator from Maine would vote "nay."

The Senator from Tennessee [Mr. McKELLAR], who is necessarily absent, is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present, the Senator from Tennessee would vote "yea," and the Senator from New Hampshire would vote "nay."

The Senator from West Virginia [Mr. KILGORE], who is absent on public business, is paired with the Senator from New Hampshire [Mr. TOBEY]. If present, the Senator from West Virginia would vote "yea," and the Senator from New Hampshire would vote "nay."

The Senator from Maryland [Mr. TYDINGS], who is necessarily absent, is paired with the Senator from Louisiana [Mr. OVERTON], who is absent by leave of the Senate. If present, the Senator from Maryland would vote "yea," and the Senator from Louisiana would vote "nay."

The Senator from Washington [Mr. MAGNUSON] and the Senator from Oklahoma [Mr. THOMAS], both of whom are unavoidably detained, would vote "nay" if present.

The result was announced—yeas 29, nays 51, as follows:

#### YEAS—29

Brooks	Lodge	Robertson, Va.
Eastland	Lucas	Russell
Fulbright	McClellan	Sparkman
Green	McMahon	Stewart
Hill	Maybank	Umstead
Hoey	Morse	Wagner
Holland	Murray	Wherry
Johnson, Colo.	O'Daniel	Williams
Johnston, S. C.	Pepper	Willson
Langer	Revercomb	

#### NAYS—51

Aiken	Dworshak	McFarland
Baldwin	Eaton	Malone
Ball	Ellender	Millikin
Barkley	Ferguson	Moore
Bricker	Flanders	O'Mahoney
Buck	George	Robertson, Wyo.
Bushfield	Gurney	Saltonstall
Butler	Hatch	Smith
Byrd	Hawkes	Taft
Cain	Hayden	Taylor
Capehart	Hickenlooper	Thomas, Utah
Capper	Ives	Thye
Connally	Jenner	Vandenberg
Cooper	Kem	Watkins
Cordon	Knowland	White
Donnell	McCarran	Wiley
Downey	McCarthy	Young

#### NOT VOTING—15

Brewster	McKellar	Overtton
Bridges	Magnuson	Reed
Chavez	Martin	Thomas, Okla.
Kilgore	Myers	Tobey
McGrath	O'Connor	Tydings

So Mr. McCLELLAN's amendment to the committee amendment was rejected.

Mr. MILLIKIN. Mr. President, may we have action on the original committee amendment?

The PRESIDING OFFICER. The question now recurs on the first committee amendment, beginning on page 1, and continuing to the bottom of page 6.

Mr. McCLELLAN. Mr. President, I have another amendment at the desk which I call up and ask to have stated.

Mr. MILLIKIN. Does the amendment apply to the committee amendment?

Mr. McCLELLAN. The amendment I want to call up now is the one which requires the Internal Revenue Bureau to recognize equal partnership.

Mr. MILLIKIN. Is the Senator proposing to attach that amendment to the first committee amendment?

Mr. McCLELLAN. I understood that all the committee amendments had been approved.

The PRESIDING OFFICER. No; there is one committee amendment which has not yet been acted upon.

The question now is on agreeing to the first committee amendment beginning on page 1, and continuing to the bottom of page 6.

The amendment was agreed to.

Mr. McCLELLAN. Mr. President, I now offer the amendment which is at the desk, and which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 7. Family partnerships, partners not contributing to partnership funds.

Section 3797 (a) (2) of the Internal Revenue Code, as amended, is amended by adding at the end thereof a new sentence as follows: "The fact that he is related to another member, or that his interest in such syndicate, group, pool, joint venture, or organization may have been obtained through gift or loan from another member, or without the contribution by himself of any money or other property, shall not affect a member's status as a partner: *Provided*, That the amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1938."

Mr. WHITE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I am glad to yield.

Mr. WHITE. Does the Senator desire to proceed with the amendment tonight? I think it is perfectly certain that the bill cannot be disposed of this evening, and it was my purpose to move a recess.

Mr. McCLELLAN. It is not my purpose to proceed any further with the amendment today. I simply wanted to have the amendment pending.

BAD BUSINESS AND BAD POLITICS—EDITORIAL FROM THE MEDFORD (OREG.) MAIL-TRIBUNE

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an editorial entitled



"Bad Business and Bad Politics," published in the Medford (Oreg.) Mail-Tribune. I wish to associate myself with the contents of the editorial.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### BAD BUSINESS AND BAD POLITICS

Would any sane businessman, head over heels in debt, voluntarily reduce his income? Hardly.

He would keep his income as high as he could so he could get out of debt as rapidly as possible.

But that is not the program of the Republican majority in Congress.

Because around 1 or 2 percent of the voters of the country have to pay income taxes and of course would like to have them reduced, the GOP proposes to cut income taxes from 10 to 30 percent. That is they would materially and deliberately reduce the national income, when the country is still deeply in debt.

When anyone asks why not wait until the national budget is balanced, and the exact income needed to reduce the national debt has been established, the reply is in substance:

"We can't wait. In 12 months a Presidential campaign will be on."

The truth of the latter statement can't be denied.

But are the GOP strategists—and Senator TART—quite sure this action will make more votes than it will lose?

How about the millions of voters who don't pay income taxes at all, and how about the millions of voters who are good businessmen first and good party men thereafter, believing the National Government should follow sound business principles as well as individuals?

We suspect that on this particular issue the GOP majority is not only wrong on the basis of sound business principles but wrong on the basis of mere political expediency.

R. W. R.

#### MEETING OF COMMITTEE ON RULES AND ADMINISTRATION

Mr. JENNER. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be permitted to meet at 2 o'clock tomorrow afternoon while the Senate is in session.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### "MERGER DOUBLE TALK"—LETTER FROM REAR ADM. ELLIS M. ZACHARIAS

Mr. ROBERTSON of Wyoming. Mr. President, recently in the Washington Post there was published an editorial entitled "Merger Double Talk" dealing with the proposed merger of the armed services. A very excellent reply has been made to that editorial by Rear Adm. Ellis M. Zacharias. I ask unanimous consent to have Admiral Zacharias' communication printed in the body of the RECORD.

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

#### "MERGER DOUBLE TALK"

It is not often that I have to disagree with an editorial of the Post. As a matter of fact, during the war the Post developed a far-sighted and lucid editorial policy to such an extent that during the closing phases of the Pacific war it made a great contribution to the psychological warfare campaign against the Japanese high command, which I was privileged to carry on at that time.

But now the Post, in its issue of Tuesday, May 20, indulges in criticism which borders

on petulance. It refers to the merger bill recently introduced by Senator ROBERTSON as "merger double talk" and indulges in wisecracking phrases which are certain to mislead the public. I know that this is not the intention of the Post. But with limited opportunity for intensive study of the subject, the public's conclusions could well be affected. Furthermore, I cannot find a single argument in the editorial which supports Senate bill S. 758, which has been under consideration for so long.

Those who have had the courage to oppose the bill (S. 758) for unification of the armed forces—a bill reportedly a compromise to meet directives from above—have opposed it because they see in it a positive and serious threat to our future national security. If that threat exists, then all considerations of personal desire must be definitely put aside.

My only feeling about the merger, and this feeling has been strengthened by recent contact with the public in various parts of the country through lectures and discussion, is that we must have the right answer. I know that we cannot get the right answer by jumping precipitously into some new and untried set-up when we have just won the greatest war in all history with the military organization known as the Joint Chiefs of Staff. I do not like the manner in which the merger proposal was suddenly thrown into the open without any previous consultation with the Navy. I must say that the Navy was caught completely by surprise by a completed study which seems to have been under consideration by the Air Force and the Army for a period of 3 years. That is not my idea of cooperative procedure and unfortunately it makes me wonder what is behind it.

I am sure that the public has not the slightest idea of the factors involved in the present bill (S. 758) and that is why I propose to bring out those factors which affect them directly as individuals and citizens of this great country.

There is urgent need for the unification of our foreign policy, military policy, and economic policy, but we must decide whether in time of war the country will be run by civilians or by the military. There is no compromise on this. History shows the great danger of civilian control being eliminated, as military dominance grows. That, however, is what will obtain under the present bill in which the proposed Secretary of National Defense will be representing the military instead of being a personal representative of the President.

As a deputy of the President he could make decisions in the name of the President in matters of disagreement and thereby maintain the democratic principles on which this country was founded. The latter procedure could not interfere with decisions on military strategy which would still be made by the Joint Chiefs of Staff and approved by National Security Council.

The proposed bill does not provide participation of the Atomic Energy Commission or important committees of Congress which are charged with making provisions to implement the decisions of the National Security Council. But it does provide for a duplicate and unnecessary War Council, an organization requiring a separate staff for members who sit on all boards.

The proposed bill allows the military to dominate the National Security Resources Board which has the vital function of coordinating military and civilian production needs. This could be extremely dangerous.

The bill also provides a joint staff under the joint chiefs, which becomes in fact a national general staff capable of incorporating all the evils of the German system. They will plan, direct, coordinate, and supervise. The members are to have unlimited tours of duty in this group. Although the group is limited to 100 officers, it is to be noted

that former legislation provided for only 44 officers on the General Staff of the Army, but in reality it increased to about 5,000. This is what happened to control in Germany.

Now, coming to specific vital functions which could be curtailed under this bill, the Marine Corps and naval aviation are the two most vitally affected. The Marine Corps' amphibious operations are vital to quick seizure of distant bases necessary for the Navy to carry out its function of control of the sea. The Marine Corps, in spite of opposition, developed this splendid technique, one of the greatest factors in winning the war. This technique was fully employed and made possible the Normandy landings. Yet, under the present bill the Marine Corps could be abolished by an unfavorably disposed Secretary of Defense through the simple method of curtailing the budget.

In the same manner naval aviation could be effectively curtailed. When we recall that it was the Navy (over the opposition of Army high-level bomber advocates) which developed the dive bombers and torpedo planes without which we would have lost the Battle of Midway and would have been fighting yet, we must realize that naval aviation is an integral part of sea power which must not be curtailed or hampered. The experience of England with 20 years of curtailed naval aviation should be a sufficient example. I can say categorically that had England's naval aviation been at a stage comparable to ours at the beginning of World War II, she could have prevented the Scandinavian operations of the Germans and the whole course of the war in Europe would have been changed.

In trying to arrive at the right answer to the question now confronting us, I like to consider the lessons of history. History shows that every nation which has had a merger of its armed forces has gone down to defeat. This includes the Romans, Napoleon, the German Kaiser, and finally Hitler. The reason is that with a merger they invariably begin to think in terms of only one of their branches and usually the ground forces because of the sheer weight of numbers. When they do this they lose all the strategic concepts of sea power.

This is what made it impossible for Hitler to invade England. To anyone who might be interested in this phase of the proposed merger I recommend that he read the full text of a treatise by Fletcher Pratt, a nationally known military scientist, called *The Case Against Unification*, and published in the December 1945 issue of the magazine *Sea Power*.

In my own field of specialized experience—intelligence—the bill falls far short in failing to provide specifically for a well integrated and efficient organization. It provides simply for the transfer of the functions of the present Central Intelligence Group to the new Central Intelligence Agency. As presently constituted the organization cannot possibly meet the needs of the Nation which has been suddenly thrust into the position of leadership in world affairs.

Therefore, it is quite probable that Senator ROBERTSON was motivated by considerations contained herein and that a little further inspection will reveal that it was not merger double talk.

ELLIS M. ZACHARIAS,

Rear Admiral, United States Navy  
(Retired).

WASHINGTON.

#### RECESS

Mr. WHITE. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 28, 1947, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

TUESDAY, MAY 27, 1947

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, the Shepherd of our souls, we wait at Thy altar, not in the spirit of self-approval, but in humble confession, asking Thy guidance in all our ways. Cleanse our lives to receive Thee, and fill our minds with noble thoughts, graven with the imprint of patient power.

We praise Thee for the heritage of freedom, for the home, the school, the church, and for the open door to manhood and womanhood. Enjoin each of us that they who do their share of labor Thou wilt help to stand fast, to be strong, and to make our labors fruitful in service for our country. Dismiss from us mere prudence and calculation and give us courage to accept willingly difficulties to the full measure of our strength. If any have grown weary of the burden and heat of the day, lead them to the waters of life, and Thou wilt wipe all tears from their eyes. To this end, we pray Thy rich blessings of comfort and rest and peace upon our President as he waits in hourly vigil by the side of his devoted mother. Fill the aching hearts of the family circle, and be unto all a blessed ministry of Christian consolation.

Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on May 26, 1947, the President approved and signed a bill of the House of the following title:

On May 26, 1947:

H. R. 3245. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1947, and for other purposes.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Laite, its enrolling clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 107. Joint resolution limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46.

The message also announced that the Senate had adopted the following resolution (S. Res. 117):

*Resolved*, That the Senate has heard with profound sorrow the announcement of the death of Hon. FRED BRADLEY, late a Representative from the State of Michigan.

*Resolved*, That a committee of two Senators be appointed by the President pro tempore of the Senate to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

*Resolved*, That as a further mark of respect to the memory of the deceased the Senate do now take a recess until 11 o'clock a. m. tomorrow.

The message also announced that, pursuant to the above resolution, the President pro tempore appointed the senior Senator from Michigan [Mr. VANDENBERG] and the junior Senator from Michigan [Mr. FERGUSON] members of the committee on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 814) entitled "An act to provide support for wool, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. AIKEN, Mr. BUSHFIELD, Mr. YOUNG, Mr. THOMAS of Oklahoma, and Mr. ELLENDER to be the conferees on the part of the Senate.

## EXTENSION OF REMARKS

Mr. DIRKSEN asked and was given permission to extend his remarks in the RECORD and include excerpts.

## SAN FRANCISCO

Mr. WELCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, William Howard Taft, while President of the United States, referred to San Francisco as the "city that knows how, a city known and loved around the world."

San Francisco has built two of the largest bridges in the world. The world-renowned redwood forests are at our very door. The redwood trees are the oldest and largest living things in the world. They were full grown trees when Moses was a baby in the bulrushes and when our Saviour carried His cross up Calvary Hill.

Few people realize, however, that San Francisco, the city of seven hills, is one great flower garden, as evidenced by the beautiful flowers sent by the San Francisco Chamber of Commerce to the Speaker, the Members of the House of Representatives, and the United States Senators.

## EXTENSION OF REMARKS

Mr. BREHM asked and was given permission to extend his remarks in the RECORD on the subject United States Loans Fail To Ease Fears of Greek People.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the RECORD and include an address delivered by the Honorable JOHN DAVIS LODGE in Middletown, N. Y., on May 24.

Mr. MEYER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. TWYMAN asked and was given permission to extend his remarks in the RECORD and include a letter from Rev. Paul S. Newey.

## RULES OF THE HOUSE

Mr. MACKINNON. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MACKINNON. Mr. Speaker, I feel it is time that the House of Representatives declare its independence from the threats of intimidation that have been so frequently indulged in on the floor of the House in recent months by self-appointed spokesmen who purport to speak for the President. These Members have attempted repeatedly to bring in and make the President's opinion and his veto power a factor for consideration in practically every piece of major legislation that has been before the House this session. I do not consider the action that the President might take with respect to pending measures to be germane to the debate and discussion on the floor of the House. We are an independent body, not a rubber stamp for either the Senate or the President, and I submit that our rules should protect the independence of the House from Presidential intimidation the same as we provide protection from interference by the Senate.

I am accordingly introducing a resolution to amend the permanent rules of the House as follows:

Rule XIV (9): It shall be a breach of order in debate on any pending bill or resolution to make any reference to the opinion of the President of the United States on the same general subject, or to the nature of any future action that the President may take with respect to such bill or resolution, unless such opinion or reference to future action was contained in an official communication or message from the President to the House.

The adoption of this rule will insure that measures will be debated on their merits. It will go a long way toward restoring to Congress that independence of action which was intended when our form of government was established.

The President does have a legitimate role in legislation. The proposed rule makes adequate provision for the function properly assigned to the President, but it will stop gossip, rumor, and ill-founded speculation as to the action of the President from being a factor in the passage of legislation. I consider the enactment of this rule to be long overdue.

## EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article from the Detroit Sunday Times of May 25, Confusion and Insincerity Peril United States, Says Kennedy.

Mr. Speaker, I think it is a mighty fine article, and it would be well for the Members of the House to read it.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD and include certain tables prepared by the Department of Agriculture on the subject of feed shortage in dairy districts.



Mrs. LUSK asked and was given permission to extend her remarks in the RECORD and include an article by the president of the State Welfare Board of New Mexico on Navaho administration.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the RECORD with reference to the history of terminal-leave legislation.

Mr. FORAND asked and was given permission to extend his remarks in the RECORD.

Mr. GRANT of Alabama (at the request of Mr. RAINS) was given permission to extend his remarks in the RECORD.

Mr. COLE of Kansas asked and was granted permission to extend his remarks in the RECORD and include an editorial from the Chicago Journal of Commerce.

#### EXTENSION OF RURAL ELECTRIFICATION

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, for 15 years I have struggled for the electrification of the farm homes of America.

This is one program that will pay for itself many, many times. It will not only return the money with interest, but it also increases, if not doubles, the value of every farm home it touches.

I am opposed to cutting down, I am opposed to even permitting the Bureau of the Budget to cut down, the amount of money we shall provide to extend this great service to every farm home in America.

I want to see an electric light in every farmhouse that the tax gatherer can find or that we can reach with the draft.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes; I yield.

Mr. RICH. You are all right in your proposal to give electricity to all farmers, but unless you change the Rural Electrification Administration's idea about going out and building power plants and competing with private enterprise and putting everybody else out of business, then you are on the wrong track. I have been for you and I want to see you get this electricity to the farmers, but you cannot do it if you are going to build all these power plants.

Mr. RANKIN. As I have pointed out before, the power business is a public business, and should not be monopolized by private interests.

If we had waited for the private power companies to provide rural electrification, the farmers would still be in the dark all over this country.

The farmers have a right to build their own generating plants as well as their own lines and I for one will defend that right to the last breath, if necessary.

The SPEAKER. The time of the gentleman from Mississippi has expired.

#### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—REORGANIZATION PLAN NO. 3 (H. DOC. NO. 270)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk and, together with accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

#### *To the Congress of the United States:*

I am transmitting herewith Reorganization Plan No. 3 of 1947, prepared in accordance with the Reorganization Act of 1945. This plan deals solely with housing. It simplifies, and increases the efficiency of, the administrative organization of permanent housing functions and provides for the administration of certain emergency housing activities pending their liquidation. I have found, after investigation, that each reorganization contained in this plan is necessary to accomplish one or more of the purposes set forth in section 2 (a) of the Reorganization Act of 1945.

The provision of adequate housing will remain a major national objective throughout the next decade. The primary responsibility for meeting housing needs rests, and must continue to rest, with private industry, as I have stated on other occasions. The Federal Government, however, has an important role to play in stimulating and facilitating home construction.

Over the years, the Congress has provided for a number of permanent housing programs, each involving a special approach to the basic objective of more adequate housing for our citizens. The Congress first enacted a series of measures to facilitate home construction and home ownership by strengthening the savings and loan type of home financing institution. These measures established a credit reserve system for such agencies, authorized the chartering of Federal savings and loan associations to provide more adequate home financing facilities, and provided for the insurance of investments in savings and loan institutions in order to attract savings into this field. The Congress also created a system for the insurance of home loans and mortgages to stimulate the flow of capital into home mortgage lending and thereby facilitate home ownership and improvement and increase home construction. These measures were supplemented by legislation extending financial assistance to local communities for the clearance of slums and the provision of decent housing for families of low income who otherwise would be forced to live in the slums. It is significant that these programs were first established, and have been continued, by the Congress because of their special contributions to home construction and improvement.

In my message of January 6 on the state of the Union, I recommended legislation establishing certain additional programs to help to alleviate the housing shortage and achieve our national objective of a decent home and a suitable living environment for every American

family. No lesser objective is commensurate with the productive capacity and resources of the country or with the dignity which a true democracy accords the individual citizen. The Congress is now considering measures authorizing these programs. I again recommend the early enactment of this legislation.

But whatever may be the permanent housing functions of the Government, whether they be confined to the existing programs or supplemented as the Congress may determine, they are inevitably interrelated. They require coordination and supervision so that each will render its full contribution without conflict with the performance of other housing functions.

The Government, however, lacks an effective permanent organization to coordinate and supervise the administration of its principal housing programs. These programs and the machinery for their administration were established piecemeal over a period of years. The present consolidation of housing agencies and functions in the National Housing Agency is only temporary. After the termination of title I of the First War Powers Act this Agency will dissolve and the agencies and functions now administered in it will revert to their former locations in the Government. When this occurs, the housing programs of the Government will be scattered among some 13 agencies in 7 departments and independent establishments.

I need hardly point out that such a scattering of these interrelated functions would not only be inefficient and wasteful, but also would seriously impair their usefulness. It would leave the Government without effective machinery for the coordination and supervision of its housing activities and would thrust upon the Chief Executive an impossible burden of administrative supervision.

The grouping of housing functions in one establishment is essential to assure that the housing policies established by the Congress will be carried out with consistency of purpose and a minimum of friction, duplication, and overlapping. A single establishment will unquestionably make for greater efficiency and economy. Moreover, it will simplify the task of the Congress and the Chief Executive by enabling them to deal with one official and hold one person responsible for the general supervision of housing functions, whereas otherwise they will be forced to deal with a number of uncoordinated officers and agencies.

It is vital that a sound permanent organization of housing activities be established at the earliest possible date in order to insure that housing functions will not be scattered among numerous agencies, with consequent confusion and disruption. To avoid this danger and to accomplish the needed changes promptly, it is desirable to employ a reorganization plan under the Reorganization Act of 1945. No other area of Federal activity affords greater opportunity than housing for accomplishing the objectives of the Reorganization Act to group, consolidate, and coordinate functions, reduce the number of agencies, and pro-

mote efficiency and economy; and in no other area could the application of the Reorganization Act be more appropriate and necessary.

In brief, this reorganization plan groups nearly all of the permanent housing agencies and functions of the Government, and the remaining emergency housing activities, in a housing and home finance agency with the following constituent operating agencies: (a) A Home Loan Bank Board to administer the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the functions of the Federal Home Loan Bank Board and its members; (b) a Federal Housing Administration with the same functions as now provided by law for that agency; and (c) a Public Housing Administration to take over the functions of the United States Housing Authority and certain remaining emergency housing activities pending the completion of their liquidation. Each constituent agency will possess its individual identity and be responsible for the operation of its program.

By reason of the reorganizations made by the plan, I have found it necessary to include therein provisions for the appointment of (1) an Administrator to head the Housing and Home Finance Agency, (2) the three members of the Home Loan Bank Board, and (3) two Commissioners to head the Federal Housing Administration and the Public Housing Administration, respectively. Each of these officers is to be appointed by the President by and with the advice and consent of the Senate.

The plan places in the Housing and Home Finance Administrator the functions heretofore vested in the Federal Loan Administrator and the Federal Works Administrator with respect to the housing agencies and functions formerly administered within the Federal Loan and Federal Works Agencies, together with supervision and direction of certain emergency housing activities for the remainder of their existence.

Under the plan, the Home Loan Bank Board and the Federal Housing Administration will have the same status in, and relation to, the Housing and Home Finance Agency and the Housing and Home Finance Administrator as the Federal Home Loan Bank Board, and its related agencies, and the Federal Housing Administration formerly had to the Federal Loan Agency and the Federal Loan Administrator. Similarly, the Public Housing Administration will have the same status in, and relation to, the Housing and Home Finance Agency and the Administrator as the United States Housing Authority formerly had to the Federal Works Agency and the Federal Works Administrator.

Since there are a few housing activities which it is not feasible to place within the Housing and Home Finance Agency because they form integral parts of other broad programs or because of specific limitations in the Reorganization Act of 1945, the plan also creates a National Housing Council on which the Housing and Home Finance Agency and its constituent agencies, and the other

departments and agencies having important housing functions, are represented. In this way the plan provides machinery for promoting the most effective use of all the housing functions of the Government, for obtaining consistency between these functions and the general economic and fiscal policies of the Government, and for avoiding duplication and overlapping of activities.

To avoid a hiatus in the administration of housing functions pending the confirmation by the Senate of the new officers provided for by the plan, it permits the designation by the President of appropriate existing housing officials to perform temporarily the functions of these officers. This period should be brief, as I shall promptly submit nominations for the permanent officers.

Under the limitations contained in the Reorganization Act of 1945, the compensation of the Housing and Home Finance Administrator and the other officers provided for by the plan, cannot be fixed at a rate in excess of \$10,000 per annum. Both the temporary National Housing Administrator provided for by Executive Order No. 9070 and the Federal Housing Administrator have received salaries of \$12,000 a year. I do not consider the salary of \$10,000 provided in the plan as compensation commensurate with the responsibilities of the Administrator, the members of the Home Loan Bank Board, and the Commissioners of the other constituent agencies, or consistent with a salary scale which must be paid if the Government is to attract and retain public servants of the requisite caliber. Accordingly, I recommend that the Congress act to increase the salary of the Housing and Home Finance Administrator to \$15,000 per annum, and to increase the salaries of the members of the Home Loan Bank Board and the two Commissioners provided for by this plan to \$12,000 per annum.

The essential and important difference between the organization established by the plan and the prewar arrangement, to which housing agencies and functions would otherwise automatically revert on the termination of title I of the First War Powers Act, is that under the old arrangement these agencies and functions were scattered among many different establishments primarily dealing with matters other than housing, whereas under the plan the major permanent housing programs are placed in a single establishment concerned exclusively with housing. Thus, the plan effectuates the basic objective enunciated by the Congress in the Reorganization Act of 1945 of grouping agencies and functions by major purpose, and provides the necessary framework for a more effective administration of Federal housing activities in the postwar period.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 27, 1947.

INTER-AMERICAN MILITARY COOPERATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 271)

The SPEAKER laid before the House the following further message from the

President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

*To the Congress of the United States:*

I submit herewith for the consideration of the Congress a bill to be entitled "The Inter-American Military Cooperation Act," authorizing a program of military collaboration with other American states, including the training, organization, and equipment of the armed forces of those countries.

I submitted a similar bill to the Seventy-ninth Congress and recommended at that time that the Congress give the bill favorable consideration and enact it. The Committee on Foreign Affairs of the House of Representatives reported the bill with amendments to the Committee of the Whole House as H. R. 6326. This present draft agrees with H. R. 6326. World developments during the year that has passed give still greater importance to this legislation, and I again ask the Congress to give this bill favorable consideration and enact it.

As stated in my message to the Seventy-ninth Congress, our Army and Navy have maintained cordial relations of collaboration with the armed forces of other American Republics within the framework of the good-neighbor policy. Under authorization of the Congress, military and naval training missions have been sent to various American Republics. During the recent war, even prior to Pearl Harbor, this collaboration was intensively developed on the basis of inter-American undertakings for hemisphere defense. Training activities were expanded, and under the Lend-Lease Act limited amounts of military and naval equipment were made available to the other American Republics as part of the hemisphere-defense program. Forces from two of the American Republics participated in combat overseas, and others joined in the defense of the shores and seas of the Americas at a time when the danger of invasion of our continents was all too great.

The American Republics have assumed new responsibilities, for their mutual defense and for the maintenance of peace, in the Act of Chapultepec and the Charter of the United Nations. The close collaboration of the American Republics provided for in the Act of Chapultepec, the proposed treaty to be based upon that act, and other basic inter-American documents, make it highly desirable to standardize military organization, training methods, and equipment as has been recommended by the Inter-American Defense Board.

I can find no better way to describe the intent and purpose of this bill than to repeat my message to the Congress of May 6, 1946.

Under the bill transmitted herewith, the Army and Navy, acting in conjunction with the Department of State, would be permitted to continue in the future a general program of collaboration with the armed forces of our sister republics with a view to facilitating the adoption



of similar technical standards. Certain additional training activities, not covered by existing legislation, would be permitted. The President would also be authorized to transfer military and naval equipment to the governments of other American states by sale or other method.

The collaboration authorized by the bill could be extended also to Canada, whose cooperation with the United States in matters affecting their common defense is of particular importance.

A special responsibility for leadership rests upon the United States in this matter because of the preponderant technical, economic, and military resources of this country. There is a reasonable and limited purpose for which arms and military equipment can rightfully be made available to the other American states. This Government will not, I am sure, in any way approve of, nor will it participate in, the indiscriminate or unrestricted distribution of armaments, which would only contribute to a useless and burdensome armaments race. It does not desire that operations under this bill shall raise unnecessarily the quantitative level of armament in the American Republics. To this end the bill specifies that amounts of nonstandard material shall be sought in exchange for United States equipment.

It is my intention that any operations under this bill, which the Congress may authorize, shall be in every way consistent with the wording and spirit of the United Nations Charter. The bill has been drawn up primarily to enable the American nations to carry out their obligations to cooperate in the maintenance of inter-American peace and security under the Charter and the Act of Chapultepec which is intended to be supplanted by a permanent inter-American treaty.

It is incumbent upon this Government to see that military developments in which we have a part are guided toward the maintenance of peace and security and that military and naval establishments are not encouraged beyond what security considerations require. In this connection the bill provides that operations thereunder are subject to any international agreement for the regulation of armaments to which the United States may become a party. In addition, provision will be made for continuing coordination of the actual operations under the legislation with developing plans and policy in the field of armaments regulation.

In executing this program it will be borne in mind, moreover, that it is the policy of this Government to encourage the establishment of sound economic conditions in the other American Republics which will contribute to the improvement of living standards and the advancement of social and cultural welfare. Such conditions are a prerequisite to international peace and security. Operations under the proposed legislation will be conducted with full and constant awareness that no encouragement should be given to the imposition upon other people of any useless burden of armaments which would handicap the economic improvement which all coun-

tries so strongly desire. The execution of the program authorized by the bill will also be guided by a determination to guard against placing weapons of war in the hands of any groups who may use them to oppose the peaceful and democratic principles to which the United States and other American nations have so often subscribed.

In entering into agreements with other American states for the provision of training and equipment as authorized by the bill, the purposes of this program will be made clear to each of the other governments.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 23, 1947.

[Enclosure: Draft of bill.]

#### EXTENSION OF REMARKS

Mr. CANFIELD asked and was given permission to extend his remarks in the RECORD and include a letter and other data.

#### FOOD SHOULD NOT BE WASTED

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MURRAY of Wisconsin. Mr. Speaker, on May 22, I introduced a bill H. R. 3585. The purpose of the bill is to prevent further destruction of human food. In the first place such waste and destruction is absolutely wrong from every conceivable angle. In the second place nothing can do more or make any greater contribution to a public disapproval of the whole support program. The support program is agriculture's bill of rights. This bill of rights should not be jeopardized by the antics of people that should know better than do things that will kill the program.

The bill is as follows:

*Be it enacted, etc.,* That after the enactment of this act the Department of Agriculture or any officer, employee, or agent thereof shall not destroy or authorize the destruction of any food or fiber which is fit for human consumption or human use and which is now owned or hereafter acquired by the Department of Agriculture or Commodity Credit Corporation.

Sec. 2. In the case of any food or fiber fit for human consumption or use which is now owned or hereafter acquired by the Department of Agriculture or Commodity Credit Corporation and which cannot be disposed of pursuant to any other law, the Secretary of Agriculture is authorized to donate such food to charitable and public-welfare institutions, needy individuals, and to State, county, and municipal welfare agencies.

It is hoped that this bill will have early consideration and unanimous approval.

#### CALENDAR WEDNESDAY BUSINESS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that it may be in order on Thursday next to consider bills from the Committee on the District of Columbia.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. AUGUST H. ANDRESEN. Reserving the right to object, Mr. Speaker, and I shall not object to the request, may I ask the gentleman if it is the purpose to let the vote on the Department of Agriculture appropriation bill go over into next week, or to finish the bill tomorrow?

Mr. HALLECK. If the gentleman will withdraw his reservation of objection, I had it in mind to ask unanimous consent to proceed for 1 minute to explain what is expected in that regard.

Mr. AUGUST H. ANDRESEN. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### PROGRAM FOR THE REST OF THIS WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to explain the program for the rest of the week.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, as the request just granted indicates, it now will be in order to consider bills from the Committee on the District of Columbia on Thursday of this week if the Department of Agriculture appropriation bill is theretofore disposed of. Of course our first task is to dispose of the appropriation bill. It is my hope that the debate on the bill may proceed for such time as is necessary this afternoon and that we then begin to read the bill for amendment. If there is indication that we cannot finish that bill tomorrow evening, coming in at 12 o'clock tomorrow, it is my idea that we come in at an earlier hour tomorrow in the hope that the appropriation bill can be disposed of tomorrow. It is my hope then that we take up on Thursday the two investigatory resolutions that have been programmed for that day and in addition take care of some matters from the Committee on the District of Columbia which I understand are quite important but not particularly controversial.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. As the gentleman knows, Memorial Day comes on Friday. A good many of the Members, including myself, have made engagements with the understanding, of course, that the Agriculture appropriation bill would be concluded by tomorrow night. Unfortunately, the death of a very good colleague changed the program, which is the reason I ask if there is a possibility

that final action on this bill may be deferred until next week.

Mr. HALLECK. I am quite sure the gentleman would discover in the remarks I have made a recognition of the very situation about which he is speaking. I have announced that there will be no session Friday. It is hoped that we can go over from Thursday to Monday, in view of the fact that many Members have personal obligations and commitments and matters that they want to take care of over Memorial Day, as do people generally in the country. I can see no reason why we cannot carry out the program I have outlined and in that way dispose of this very important measure that is before us by tomorrow night and likewise dispose of other important matters on Thursday, matters necessary to be considered and about which there is urgency but as to which individually there might not be too much interest as far as the Members are concerned.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Mississippi.

Mr. RANKIN. How much general debate will we have on this appropriation bill?

Mr. HALLECK. No agreement has been reached on that. That is up to the members of the Committee on Appropriations having the matter in charge. I have spoken to some of them about it. As I understand, it is expected that the general debate will proceed today, and I take it that opportunity will be given to anyone who wants to make a statement in respect to the bill.

Mr. RANKIN. I am merely trying to find out whether general debate is to be concluded this afternoon.

Mr. HALLECK. I would say by all means it should be concluded this afternoon. As I said, I trust that not only can general debate be concluded but also that the reading of the bill may begin because, as the gentleman well knows, it is when the bill is being read that we generally find the greatest desire for time to speak.

Mr. RANKIN. As far as I am concerned, I would be willing to start reading it in the beginning and debate the various amendments as we go along.

The SPEAKER. The time of the gentleman from Indiana has expired.

#### EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include an article by Mark Sullivan.

Mr. MORRISON (at the request of Mr. LARCADE) was given permission to extend his remarks in the RECORD.

Mr. POAGE asked and was given permission to extend his remarks in the RECORD.

#### DEPARTMENT OF AGRICULTURE APPROPRIATIONS, 1948

Mr. CHENOWETH. Mr. Speaker, I call up House Resolution 218 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That during the consideration of the bill (H. R. 3601) making appropriations

for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes, all points of order against the bill or any provisions contained therein are hereby waived.

#### CALL OF THE HOUSE

Mr. FORAND. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Ninety-seven Members are present, not a quorum.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 64]

Andrews, N. Y.	Hébert	Norrell
Auchincloss	Heffernan	Peterson
Bender	Jenkins, Pa.	Pfeifer
Bennett, Mich.	Keefe	Phillips, Tenn.
Bland	Kennedy	Ploesser
Boggs, La.	Kilburn	Powell
Byrne, N. Y.	King	Rabin
Cannon	Klein	Rayfiel
Chelf	Knutson	Redden
Clements	Lane	Reeves
Colmer	Lanham	Riley
Cox	Lea	Rooney
Curtis	Lynch	Sadowski
Davis, Wis.	McConnell	Sarbacher
Dawson, Ill.	McDowell	Scoblick
Dingell	McGarvey	Scott,
Domeneaux	Macy	Hugh D., Jr.
Eberharter	Madden	Shafer
Fuller	Maloney	Smathers
Gallagher	Mansfield, Tex.	Somers
Gary	Marcantonio	Teague
Gifford	Morrow	Weichel
Gwinn, N. Y.	Mitchell	West
Hand	Morrison	Youngblood
Harness, Ind.	Nixon	
Hart	Nodar	

The SPEAKER. On this roll call, 353 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### COMMITTEE ON FOREIGN AFFAIRS

Mr. EATON. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. BLOOM. Mr. Speaker, I object.

#### EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in three instances and to include extraneous matter.

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in the RECORD and include a radio address recently made by him.

Mr. CLASON asked and was given permission to extend his remarks in the RECORD.

Mr. GAVIN asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the annual meeting of the Independent Petroleum Association.

Mr. SPRINGER asked and was given permission to extend his remarks in two instances in the RECORD and include a newspaper article and a speech.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. HAGEN asked and was given permission to extend his remarks in the RECORD and include an article by David Lawrence.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD and to include an article.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DORN (at the request of Mr. McCORMACK) was given permission to extend his remarks in the RECORD and include a telegram.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD and include an editorial by Walter Lippmann.

Mr. CHIPERFIELD asked and was given permission to extend his remarks in the RECORD and include an article by the late Honorable Fred Bradley, of Michigan.

Mr. MURDOCK asked and was given permission to extend his remarks in the RECORD and include a speech he made in Chicago last Sunday.

#### DEPARTMENT OF AGRICULTURE APPROPRIATIONS, 1948

Mr. CHENOWETH. Mr. Speaker, I yield 50 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. Speaker, I now yield myself 5 minutes.

Mr. Speaker, this resolution waives points of order which might be made against the annual appropriation bill for the Department of Agriculture, H. R. 3601, which is on the calendar for consideration today.

Mr. Speaker, this rule is made necessary because of certain provisions contained in this appropriation bill which are subject to points of order. It is obvious that points of order will be made unless this rule is adopted. There is opposition to the rule because of a clash over jurisdiction between two very important and powerful committees of this House, the Committee on Appropriations and the Committee on Agriculture. The Committee on Appropriations has seen fit to include in the annual appropriation bill for the Department of Agriculture several sections which may be considered legislation on an appropriation bill, and therefore subject to points of order. I do not know that all of these items are controversial, but the Committee on Agriculture feels that the bill contains legislation over which it has jurisdiction and is opposed to this rule waiving points of order. The Committee on Appropriations defends itself by stating that these are items which relate to appropriations and the allocation of funds. The committee concedes that several sections of the bill are subject to points of order. However, in line with precedents established in previous years, the Appropriations Committee asked for this rule. I might state that it has been customary to adopt similar rules on these annual agricultural appropriation bills, so there is nothing new in this procedure.

I will not take the time to discuss these items which are subject of this controversy. That will be done by members of the Committee on Agriculture and the



members of the Committee on Appropriations.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. CHENOWETH. I yield to the distinguished majority leader.

Mr. HALLECK. I might say to the gentleman that as the membership generally knows, I served on the Rules Committee for a number of years under the chairmanship of the gentleman from Illinois [Mr. SABATH]. No one has been more conscientious than I have been in trying to protect the prerogatives, the responsibilities, and the powers of the legislative committees. However, as the gentleman has pointed out, we very frequently found it desirable to report from the Rules Committee, rules such as this, in order that matters necessary to be taken care of could be taken care of. So certainly, as the gentleman has said, this proposition is nothing new. It follows many, many precedents that have been established. As I understand it, on this particular occasion, it undertakes to deal with matters that are of some consequence, but which are of urgency also. Should it not also be pointed out that any of these items would be subject to amendment to strike them out? Certainly it could be argued, as that point is reached, the prerogatives of the legislative committee had been invoked, and that possibly the matter would be better handled by action by the legislative committee. What I am saying is that I hope this rule is adopted in order that we may proceed to the consideration of the bill.

Mr. CHENOWETH. I appreciate the observations made by the distinguished majority leader. I want to supplement what he has said by saying that if the rule is adopted, the House is not precluded from passing upon these items which are subject to a point of order. In other words, if this rule is adopted, the House will have the opportunity to vote on each of the items involved in this controversy. If the rule is not adopted, then these provisions will no doubt be stricken from the bill on points of order, in which event the House will have no opportunity to consider and pass upon the merits of these proposals. I therefore urge the adoption of the rule so that each Member may have the privilege of voting on these items as they are presented.

The SPEAKER. The time of the gentleman from Colorado has expired.

Mr. SABATH. Mr. Speaker, I yield myself 12 minutes.

The SPEAKER. The gentleman from Illinois is recognized for 12 minutes.

#### MOST RUTHLESS RULE IN 40 YEARS OF SERVICE

Mr. SABATH. This rule which has just been presented by my dear friend and colleague, the gentleman from Colorado [Mr. CHENOWETH] is in my belief the most ruthless and rigid, yes, the most outrageous, ever reported in the 40 years of my service in Congress.

The bill which this rule makes in order represents a complete and tragic disregard of the best interests of agriculture and of our country, a powerful and important segment of the American economy and American society. The bill

intentionally violates organic farm legislation duly passed by the Congress.

The Republican members of the Committee on Appropriations, owing allegiance to none except the economic royalists who are the masters of the Republican party, have constituted themselves a dictatorship, a political and legislative oligarchy determined to rule or ruin.

They are presenting this vicious program without regard to right or to logic, or to the welfare of the farmers of our country. They are trying to jam this program through, without even giving the elected Representatives of the people an opportunity to express an opinion or to amend the bill.

#### WHAT A DIFFERENCE!

Yes, Mr. Speaker, I have brought in rules which waived points of order; nevertheless I have criticized the Committee on Appropriations for presenting legislation in appropriation bills in violation of the standing rules of the House.

But what a difference, Mr. Speaker! Those rules, Mr. Speaker, made in order the consideration of legislation designed to help American agriculture, not to ruin it. The legislation now before us will deprive the American farmer and American agriculture of the benefits of laws the Democrats passed in their behalf.

That is the difference between those rules I presented and this Republican gag rule. At a time when farmers were losing their farms by foreclosure, and those who had not already lost them were facing ruin under the staggering burden of 6 and 8 percent interest, we passed legislation which made it possible for them to survive. This bill would destroy many of those very laws.

#### CITY WORKERS PROSPER WHEN FARMERS PROSPER

Although I represent a purely city district, and have for over 40 years, I know that when the farmers are prosperous the city workers are prosperous. When the farmer is making a living he buys the tools for his farm and the clothes for his family the city worker makes, and he creates business and jobs and business is aided and work is made for the laborers.

Therefore, I have supported all progressive legislation to help keep farmers prosperous. This bill will keep farmers poor and eliminate city jobs.

I wish to call attention to some of the things I feel should be taken into consideration.

Mr. MCCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MCCORMACK. I am amazed by one of the arguments made by the distinguished majority leader in support of the rule, that if the House votes for the rule we then have the privilege of striking the matter out or moving to amend it. I have never heard that argument advanced before. That means that we are permitting organic law to be violated by this report when no emergency exists we then put the House in the position where the Members, who have already passed the organic law, try to strike it out or to have to offer amendments to strike out matter which could then be stricken out

on a point of order because of the bill violating organic law. It is the first time I ever heard that argument made on any rule.

Mr. SABATH. The gentleman, as is always the case, is right when he makes that statement.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. For a question, not for a speech.

Mr. HALLECK. The distinguished minority whip has referred to me, and the gentleman from Illinois in his usual gracious manner has commended the gentleman from Massachusetts for being right in his observation, but the gentleman from Massachusetts was as wrong as it is possible for anyone to be. All I said was, and I ask him to dispute it if he sees fit, or the gentleman from Illinois who for many years was chairman of the Rules Committee, that if this rule is adopted, when the bill is read, any item in here that will be subject to a point of order if this rule is not adopted would be subject to an amendment offered in the committee to strike it out.

Mr. MCCORMACK. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. MCCORMACK. The answer to that is we have never employed that practice. If we do that, then we are making the Appropriations Committee a super-House. All the Appropriations Committee would have to do is to come in at any time and report a rule depriving the Members of the opportunity to make a point of order.

Mr. HALLECK. Let me make this response to what the gentleman from Massachusetts has said. He recognizes by the statement he made that my statement is correct, that an amendment will lie to strike out the item that otherwise would be subject to a point of order. I may say to the gentleman from Massachusetts that I have served here under his and other people's leadership when my side was in the minority and I have seen amendments offered to strike out items that otherwise would have been subject to a point of order except for the adoption of a rule in identical terms with this one. That is the reason this is not a precedent and that is the reason this rule should be adopted.

Mr. SABATH. I would like to make this observation. I have criticized the Appropriations Committee for bringing in legislation on an appropriation bill depriving the committees having jurisdiction of their rights and privileges. I have criticized that practice. The difference between those rules that were brought in when I was chairman of the Rules Committee and this rule is that those rules permitted amendments to be offered which would help the farmers, while this rule deprives the farmers of their rights and privileges if this bill should pass and is against their interest.

Now you are attempting to minimize the harm that this bill will do. With this kind of legislation you are going on record that you are against the best interests of the farmers. I have here in my hand a telegram from a gentleman with whom I have frequently disagreed,

when he opposed legislation in the interest of labor, or supported legislation designed to do to organized labor what this bill would do to agriculture.

This telegram comes to me from Mr. Edward A. O'Neal, president of the National Farm Bureau. Time will not permit me to read the telegram here on the floor but I am inserting it at this point in my remarks, and when you read it here you must come to the conclusion that the objections he lodges against this bill are logical and true, and I am sure you will recognize the deep resentment felt by the Farm Bureau, for this legislation is condemned in the strongest language they could use:

**FARMERS DEEPLY SHOCKED**

WASHINGTON, D. C., May 25, 1947.

HON. ADOLPH J. SABATH,  
House of Representatives,

Washington, D. C.:

Farmers deeply shocked at several recommendations of House Appropriations Committee on Agricultural Appropriations. Our organization offered sincere aggressive support for real constructive economy by eliminating unnecessary personnel, excessive expenditures and duplication of services. But we asked committee not to cut heart out of farm program. Instead committee made most of savings at expense of farmers and vital farm program and failed to require reduction in many badly overstaffed agencies. Farmers are especially indignant over cut in 1947 \$300,000,000 AAA conservation program specifically approved by Congress last year to \$165,000,000, thereby breaking faith with millions of farmers and also complete elimination of program in 1948. Reduction of administrative expenses to fifteen million will make it impossible for State and county PMA offices to carry out this program successfully and to handle commodity loans and other price support functions vital to millions of farmers. Farmers in every section are alarmed over complete elimination of section 32 funds for surplus disposal which Congress has approved as permanent appropriations. Farmers also greatly concerned over failure to provide even first year allotment of research funds approved under Hope-Flannagan Act which passed almost unanimously last year. We favor strict economy but strongly protest foregoing actions as false economy and breaking faith with farmers. These vital programs were adopted by bipartisan votes in Congress. Millions of farmers are looking to you to rectify these injustices and keep faith with farmers above party by providing these vitally needed funds.

EDW. A. O'NEAL,

President, American Farm Bureau Federation.

I have received, and I know that all of you have received, hundreds of other communications condemning this vicious unjustifiable rule which will repeal many laws enacted by the Democrats and condemning the cuts made in the appropriation bills. I do not see why we should seriously consider this effort to save a few dollars when the first page of the financial section of the New York Times for Sunday, May 25, can headline a lead story in these words: "Industrial profit at record level—942 companies in 79 fields earned \$3,656,933,912 last year, 34-percent rise over 1945—huge backlogs unbroken."

**GREATEST ANNUAL RETURNS**

This newspaper article starts out by saying:

Private enterprise in the United States in 1946, first full year of peacetime activity since

the war's end, yielded one of the greatest annual returns in the Nation's history.

The writer goes on to discuss the different industrial groups and their profits. Here is a paragraph which means something to the housewife and to you:

Consumer-goods industries that were able to maintain a fairly high level of production made the best showings. Percentage profit increases of some of these reporting groups were: Furniture, 206 percent; home appliances, 98 percent; food, 43 percent; baking 146 percent; liquor, 120 percent; meat packing, 97 percent; silk and rayon, 178 percent; cotton, 378 percent; apparel, 128 percent; and tobacco, 46 percent.

By industries, here are the dividends reported for the 79 fields studied:

	1946	1945
Heavy metals and allied (215 companies).....	\$533,314,703	\$414,773,404
Chemicals and allied (101 companies).....	474,004,871	295,211,576
Automotive, aviation, etc. (127 companies).....	373,859,804	495,989,524
Furniture and structural (217 companies).....	444,822,609	309,896,374
Food and light industries (229 companies).....	949,302,775	519,052,256
Grand total (942 companies).....	3,656,933,912	2,738,686,374

**RETAIL SALES UP AGAIN**

Here is another paragraph on dividends from the same issue of the New York Times:

Dividend payments in the first 3 months of 1947 were about 23 percent higher than in the corresponding period last year, according to United Business Service. Of 661 New York Stock Exchange issues on which dividends were paid, more than half increased their payments over the same quarter of 1946, the UBS reported.

In all the papers you will find column after column in the financial pages showing how companies are paying dividends, not only current and regular dividends but extra dividends and stock dividends and even back dividends.

Another headline in the Times reads: "1946 Retail Trade 'Best in History'—Net Profits 122.8 percent Over 1945 Far Outstrip Other Years, Times Survey Shows."

Here are just a few paragraphs from the story:

(By Thomas F. Conroy)

That 1946 was the most favorable year in the history of retailing is fully borne out in the complete figures covering last year's operations which now have been issued by leading retail organizations.

Net profits far outstripped those of preceding year, rising 122.8 percent over 1945, while sales were 32 percent higher, according to a compilation of the annual reports of 59 retail companies made yesterday by the New York Times. Sales of these concerns exceeded \$9,466,000,000.

The mail order and chain store companies had the largest gains in both profits and sales. The department stores were not far behind. Specialty shops were more affected by the wave of apparel and fur mark-downs which featured the fall season and their increases were not as large as those of the other two classifications.

Comparative figures on sales and profits of the companies included in the survey follow, with the number of companies indicated in parentheses:

**MAIL ORDER, CHAIN STORES (22)**

	1946	1945	Percent change
Sales.....	\$6,366,950,237	\$4,781,269,486	+33.2
Net profit.....	330,995,586	148,591,093	+122.8

**DEPARTMENT STORES (30)**

Sales.....	\$2,964,680,814	\$2,267,343,484	+30.8
Net profit.....	143,181,951	66,335,935	+115.8

**SPECIALTY SHOPS (7)**

Sales.....	\$135,014,305	\$117,694,542	+14.7
Net profit.....	7,313,737	4,234,309	+72.7

**GRAND TOTAL (59)**

Sales.....	\$9,466,645,356	\$7,166,307,512	+32.0
Net profit.....	481,491,274	219,161,337	+119.7

Lowering of Federal corporation taxes from their wartime peaks was the outstanding factor in the sharp rise in retail net profits. In many instances the reduction from the previous year in provision for Federal income taxes ranged around 35 percent, which represented a heavy addition to net. Allied Stores Corp., the leading department-store chain, for example, in 1946, had \$30,903,752 in profits before Federal income taxes, made provision of \$12,525,000 for such taxes, and had a net after taxes of \$18,378,752. In 1945 the comparative figures were \$2,470,401, \$19,100,000, and \$8,370,401, respectively.

I have here in my hand other reports from newspapers which show the unprecedented prosperity of business and industry, of mining, of farming. Pick up any daily newspaper with a financial section, or the Wall Street Journal and other business and financial journals, or the business reporting services like Dun & Bradstreet or the National City Bank News Letter, and the evidence strikes you on every hand.

I am sure that all of you saw in the papers last week another story saying that the increase in retail business all over the country was 12 percent, and not just 4 percent to 11 percent as I stated on the floor before those final estimates were published.

**THREATENS OUR GREATEST CROP OF ALL**

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. SABATH. Mr. Speaker, I yield myself two additional minutes.

I feel that when the country is prosperous we should not deprive the farmers of their opportunity of continuing to contribute to the national prosperity. Therefore I feel strongly we should not by our act here take away the assistance provided by a Democratic Congress which has enabled the farmers to become prosperous and contented and self-respecting American citizens equal in every way to their city brethren, as they always were in industry and good citizenship.

I myself have at all times aided the passage of beneficial legislation which has helped the farmer to lift himself out of his misery and want and insecurity to today's prosperity.

But this bill would repeal section 32 of the act of 1935, and worst of all by reducing the school-lunch fund, when only last year the Congress affirmatively passed the basic legislation for it, will endanger our most important of all crops,



our young people, our boys and girls, by taking away from many of them the extra hot lunches at low cost provided under the law.

When you look back 12 or 14 years, you know what the lot of the poor farmer was. It was the legislation that we passed that put them on their feet, and they have been prosperous ever since. With this legislation you arrest their efforts and you arrest the prosperity of our Nation.

Mr. OWENS. Mr. Speaker, will the gentleman yield?

Mr. SABATH. No; I cannot yield, sir. I am sorry.

#### LOAN SHARKS AND HEARTLESS BANKERS

Are we, Mr. Speaker, going to turn the farmers back to the tender mercies of the loan sharks and the heartless bankers?

Are we going to restore the bankers' private tax of high interest, high insurance, high discounts, and precipitate a new flood of foreclosures and farm failures, and start a new generation of lost farmers on the road to nowhere?

If you do not remember the sad story of 1929, 1930, 1931, 1932, and 1933, the farm strikes, the moratorium laws, the dumped milk, the forced auctions broken up by outraged farmers protecting their own, go back to the files of the daily papers of those years.

In your own office take down your copy of Agricultural Statistics and watch the changing picture of farm income, farm prices, interest, taxes, mortgage debt, and ask if you want to turn the clock back.

Never before in history have farmers made so much in proportion to what they have to spend. God knows prices are high, far too high, in my opinion; but at least the man who toils with his hands, who spends long hours in the fields and with his herds and orchards is making a decent living. He has a profitable spread between his expenses and his income. He is not ground down by a mortgage on which the interest just keeps up with his payments until a crop failure, when he loses everything.

#### PENNY-WISE, POUND-FOOLISH

This penny-wise, pound-foolish economy embodied in this bill will just play into the hands of the same Wall Street sharpshooters who have been hammering down the prices of sound investment stocks on the market.

They do not care where they make their money or who they hurt. One day these gambling manipulators will be selling stocks short to wipe out the equity of thousands of small investors; the next day they will be gambling with farm products on the commodities exchanges; and another day they will be speculating in farm lands, mortgages, and bonds, all to the detriment of the national economy and the best interests of the country, and bound to affect adversely the hard-working dirt farmer, and not only the farmer but the Nation.

It can be truly said of the farmers who have been used by the Republicans, and have to a great extent supported and aided the Republican party, "They who continue to serve the devil well, with hell he will repay."

#### VOTE AGAINST DRASTIC RULE

In view of all this, and more that I could say if time but permitted, I feel it is our duty to vote down this outrageous rule whereby the Committee on Appropriations has assumed a legislative jurisdiction which is not theirs, and is attempting not only to deprive the appropriate legislative committees of the right and privilege and power of bringing positive legislation to the floor which is properly theirs, but to repeal laws passed by previous Congresses.

Any member of the House who votes for this rule is voting against the farmers. If any Member votes for this bill and ties his own hands, and then later tries to tell his people he voted for amendments to restore any of the vicious cuts in the Agriculture Department budget, I warn the people of his district right now that he is falsifying his position to them.

This is worse than a gag rule. It is autocracy such as has not been seen on this floor since the days of Speaker Joe Cannon.

It is legislative tyranny of the worst kind.

Above all, it is your political suicide.

For your own interest, if you will not for the national interest, cast your vote against this drastic rule.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include articles and statistics.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHENOWETH. Mr. Speaker, I yield 9 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I regret to find myself on this occasion in the position of opposition to the distinguished majority leader, the Rules Committee, and my distinguished friend from Illinois, the chairman of the Subcommittee on Agricultural Appropriations, but it is the same position that I have taken on many previous occasions, and the only position I think any member of a legislative committee of the House can take if we are going to maintain the integrity of the legislative committees.

It is not necessary, of course, to adopt this rule in order to bring the agricultural appropriation bill before the House. It is not necessary to have any rule to bring that bill before the House. If the rule is voted down, the only effect will be that the bill will be subject to points of order against legislative provisions which it contains.

I may say that although I have seen other appropriation bills brought into the House under a rule which permitted legislative provisions, I cannot recall that I have ever seen a bill which contained legislative provisions of the importance that are contained in this particular piece of legislation.

I am speaking now not only as a Member of the House but as chairman of the Committee on Agriculture and by direction of that committee to appear and speak for the committee in opposition to this rule. There are in this bill at least six provisions that are pure legislation.

Perhaps there are more. They are all important matters of legislation, matters that should be considered by the Committee on Agriculture and matters that certainly deserve more consideration than the Appropriations Committee could possibly give them.

If you will look in the hearings you will find that these matters, although they are important legislation, were not considered by the Committee on Appropriations in open hearings. They were considered in executive sessions. The Congress is entitled to have more information on these matters of legislation than can possibly be secured in the debate upon this bill. All of these matters are matters that would require, if they were to be considered properly, hearings of some extent and duration on the part of the legislative committees.

In one respect certainly this bill goes further than any other appropriation bill has ever gone in the way of legislation, in that it repeals a permanent appropriation. I am referring now to section 32 of the Triple-A Act, which provides that each year there shall be set aside one-third of the customs revenues to be used in support of agriculture in the way of expanding consumption at home and abroad, in diverting agricultural products to other uses, and in supporting the prices of agricultural commodities. That is permanent legislation. It has been on the books for more than 10 years. Yet under this bill that appropriation is rescinded and the money is directed to be held in the Treasury.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. On the item to which the gentleman has referred, I might state that when that was approved unanimously by both sides of the aisle as being one instrument that might help in dealing with surplus commodities, both seasonal surpluses and national surpluses of farm products. I concur in what the gentleman has said, that this is an item that should receive more consideration.

Mr. HOPE. I thank the gentleman from Minnesota for that statement. It is true, as he said, that this act was reported out unanimously by the committee. It has been on the books for more than 10 years. Its value has never been questioned.

I do not believe there has been any provision of the Agricultural Adjustment Act or any part of our general agricultural policy which has been of greater assistance to agriculture during that time.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield.

Mr. AUGUST H. ANDRESEN. Is it not a fact that if the money appropriated for the purpose intended by the act is not used, then the money goes back into the United States Treasury, and is thus saved to the country?

Mr. HOPE. That is true. No one can say at this moment how much of that money may be needed during the coming year. If none is needed, it all goes back into the Treasury. All we do if we

keep the rescission provision in the bill is to make a paper saving because if the money is not used it goes back into the Treasury in any event. But no one knows what we may expect in the way of agricultural surpluses in the next year. There may be minor commodities or there may be important commodities with reference to which it may be necessary to take action under the provisions of this legislation.

But if we adopt the rule and retain in the bill this legislative provision, that would be impossible. But I do not want to say anything more about the merits of the matter. What I am speaking about is the legislative integrity of the House because under the law the Committee on Appropriations cannot legislate, and the legislative committees cannot appropriate. If we violate that principle by adopting this rule, then we are establishing a precedent which will be cited in the future when further attempts are made to undermine the integrity of the legislative committees.

What we are in effect doing is setting up the Committee on Appropriations as a great super committee of the House of Representatives which will undermine the authority, activity, and importance of the legislative committees.

When I say this I am speaking not only for the Committee on Agriculture but for every legislative committee of the House.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield.

Mr. AUGUST H. ANDRESEN. I want to comment on the remarks made by the distinguished gentleman from Illinois [Mr. SABATH] and also on what the minority whip had to say. When they were in control of the House they brought in similar gag rules which waived all points of order. Our committee tried to perfect legislation so such procedure could be avoided. We did pass legislation which is now law so that the practice followed by our side in this respect does not differ at all from that of the gentleman from Illinois [Mr. SABATH] did when he was chairman of the Committee on Rules.

Mr. HOPE. The position taken by the Committee on Agriculture is the position which has always been taken by that committee when the Committee on Appropriations on previous occasions has brought in a bill containing legislative provisions. I think I may say with all deference to this particular subcommittee that no subcommittee of the Committee on Appropriations has brought in more bills which contained legislative provisions. It seems to be a habit with that committee, a habit which I thought we had put an end to a few years ago when we had a show-down on that proposition and the Committee on Rules finally refused an application for a rule.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I am glad to yield to my colleague.

Mr. HOEVEN. Does the gentleman feel that if this practice continues there will be no need to have a Committee on Agriculture in the House of Representatives?

Mr. HOPE. There is no question at all but what every time we adopt a rule of

this kind we undermine all the legislative committees and take a step toward making the Committee on Appropriations a big super committee.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. CLARK], a member of the Committee on Rules.

Mr. CLARK. Mr. Speaker, that the pending proposal is detrimental to sound and desirable agricultural legislation could have no finer witness than the gentleman from Kansas who has just taken his seat. I am not able to go back 40 years, as my distinguished colleague from Illinois [Mr. SABATH] has done, but I can go back far enough in service on the Rules Committee to state just a little about the background of this situation.

In the course of the recovery program, sometimes referred to as the New Deal, various and sundry agricultural programs were established for which there was no specific authority in law. I might mention the Rural Electrification Administration or I might mention the school lunches or I might mention some 69 other important items.

As we went along the Appropriations Committee would come from time to time before the Rules Committee and ask us for a rule waiving points of order on agricultural bills because of the absence of any legislation specifically establishing those programs. We worked along with that from year to year, and at the same time we kept threatening to give the Committee on Agriculture a legislative spanking if they did not get busy and supply the necessary legislation, which was complained about continuously by the minority party in those years. I think some of the distinguished members of the Committee on Agriculture were before us when we talked this over. Then, finally, as the gentleman from Kansas [Mr. HOPE] has said, we served somewhat of an ultimatum and told them they would have to get legislation or we would quit granting rules waiving points of order. We did get legislation establishing some 71 of these programs, and that fixed the policy of the Congress on this question. Now we are proposing to give them a legislative spanking because they have done what we threatened to spank them for not doing. You are not only headed for a procedure that is detrimental to agriculture if you adopt this rule—and the only reason I am speaking is to get my voice in the RECORD against it—but you are heading into legislative chaos and you are simply vesting in the Subcommittee on Appropriations for Agriculture, down in a little closed room somewhere, the power to determine the agricultural policy of the Congress, insofar as a committee may do so, without the people who are interested having any opportunity at all to be heard and present their case.

There is a great stack of telegrams on my desk that have a very vital ring. If I were to look over on the majority side, I would be disposed to say a dangerous ring. I had to wire them back that, if the procedure was adopted, the policy of this Congress with regard to agriculture would have been changed in many vital respects, without the people who are most directly concerned having any op-

portunity whatever to present their views. If that is what you want to do, this is the way to do it.

The SPEAKER. The time of the gentleman from North Carolina [Mr. CLARK] has expired.

Mr. SABATH. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Speaker, since I am a Democrat, I doubt that the Members of the majority body are going to be governed by what I say when I speak against this rule. I would like to call attention, however, to the fact that the issue is whether the distinguished gentleman from Illinois [Mr. DIRKSEN], who is chairman of the Subcommittee on Appropriations, is to write the agricultural policy of the Republican Party. I am sure the gentleman from Illinois will tell you he has never been in favor of section 32. Section 32 funds are repealed under this act. Time after time in this committee it has been brought up, and I am sure he will agree with this, that he felt that provision should not be made for carrying on those activities of the Department of Agriculture under section 32, but that appropriations should be made annually by the Appropriations Committee. Of course, that would come under the jurisdiction and control of the distinguished gentleman from Illinois and would permit him to largely control the agricultural policy of his party and therefore of the Congress.

Last year we had a bill passed in this Congress which became law, which provides for the control of Government corporations. The Commodity Credit Corporation is one of those corporations, and it went to the committee of the distinguished gentleman from Iowa [Mr. JENSEN]. But this year we find that our good friend—and he is very persuasive and a fine fellow—we find that the chairman of the Subcommittee on Appropriations has gone to the chairman of the whole committee and taken over Commodity Credit Corporation, one of the corporations that would go ordinarily and did last year to the other committee. We find that this distinguished gentleman has also taken over half of the Farm Credit Administration, which also belonged to the committee of the gentleman from Iowa [Mr. JENSEN]. I say to you that if this committee this year is permitted—and I am a member of that committee—if they are permitted to repeal section 32 of this law for 1 year that in effect it is repealed and it is gone. This committee takes unto itself the power to stop the flow of those funds, money that is set aside under the basic law to the credit of agriculture. If you are not going to be permitted to use it as it was recommended by the budget, let us transfer those funds to the Commodity Credit Corporation for its use in carrying out this program so that the American farmer will receive the credit for this money which under the basic law is set aside to help him through his problems and to offset the disadvantages of bringing agricultural products into this country in competition with his own. I made the motion in the committee but was overridden. And there again they



turned down my efforts to retain those funds which have meant more to agriculture than perhaps any other piece of agricultural legislation.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. H. CARL ANDERSEN. My colleague on the Subcommittee on Appropriations for Agriculture well knows that I was with him in opposing asking for a rule upon this particular bill.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. SABATH. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. WHITTEN. That is true. The distinguished gentleman from Minnesota [Mr. H. CARL ANDERSEN] and other members of the subcommittee opposed the granting of the rule. It is true that in times past we have had rules on bills containing agricultural legislation from the Appropriations Committee, but I wish to call your attention to the fact that in each of those cases we had no legislation for the Farm Security Administration, we had no legislation for the school-lunch program, and in practically every instance—and, in fact, in every instance I recall—the chairman of the subcommittee was joined by the chairman of the Committee on Agriculture in asking and in obtaining a rule to bring into this Congress legislation under which this matter could be considered.

But I say to you that this bill will reflect that there is a tremendous difference between the attitude of the distinguished gentleman from Illinois and the distinguished gentleman from Kansas [Mr. HOPE] as to what is for the best interests of agriculture; and I will say that if this rule is adopted, then you are forsaking the ordinary legislative processes and saying that the chairman of this subcommittee shall fix the policy of the Republican Party with reference to agriculture. This bill reflects that attitude here today because certainly I know that the members of the Agriculture Legislative Committee would never bring into this Congress a bill to repeal section 32 of the Agricultural Adjustment Act. If you will study the uses of those funds for the last 10 years, you will see that in the case of wheat, in the period around 1937, when the granaries of this country were so filled with surplus wheat that the farmers could not even store the wheat they gathered, this is the fund that bailed them out. This is the fund that bailed out the poultry producers and the producers of walnuts and raisins, the producers of various other crops throughout the country, including cotton from my own area. Now, to adopt this rule means that you are permitting the distinguished gentleman from Illinois to write the party ticket of the Republican Party—a ticket that says you are repealing that act and taking away those funds—and I say that is not in accord with the desires of the majority of you men on that side of the aisle.

If you defeat this rule, you defeat the efforts of the gentleman from Illinois to repeal section 32 of the Agricultural Adjustment Act, yet if you adopt the rule, you cannot be heard to say that you did not make it possible for section 32 to be

repealed. You will have contributed to the destruction of one of the greatest provisions in the law for handling surplus agricultural products—a provision which has saved the wheat farmers, the poultry growers, other grain producers, and cotton farmers. The responsibility for destroying that great program will rest on those of you who approve this rule.

The SPEAKER. The time of the gentleman from Mississippi has again expired.

Mr. SABATH. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts [Mr. McCORMACK].

The SPEAKER. The gentleman from Massachusetts is recognized for 6 minutes.

Mr. McCORMACK. Mr. Speaker, it is my understanding—and if my understanding is incorrect I wish to be corrected—the Committee on Agriculture are unanimously opposed to the adoption of this rule. That action was taken at a meeting either this morning or yesterday. In view of that fact it seems rather strange that we witness what is attempted in this appropriation bill. The chairman of the Committee on Agriculture the gentleman from Kansas [Mr. HOPE], one of the most respected Members of the House, whether he is a member of the majority party or the minority party, and he demands the respect of us on our side, should be the spokesman of his party in this branch on matters concerning agriculture.

I think the RECORD should show that anyone who votes for this rule is voting against the interests of the farmer and later if they vote for the rule and then try to tell the farmers of their district, "Why, I voted for amendments to increase the appropriation," they are engaging in what might properly be termed "political hypocrisy."

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I have served on the Committee on Agriculture for more than 20 years. In all those years in dealing with agricultural problems we have not engaged in partisan politics. I do not like to see the gentleman trying to inject partisan politics into this issue.

Mr. McCORMACK. The gentleman is entirely mistaken because I am following the chairman of the Committee on Agriculture, the gentleman from Kansas [Mr. HOPE], who is a Republican; so there is no partisan politics in my position. The gentleman, of course, is a very adroit politician himself and he has the very pleasant habit of trying to accuse others of motives which they do not entertain.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield further?

Mr. McCORMACK. Is the gentleman for the rule?

Mr. AUGUST H. ANDRESEN. No.

Mr. McCORMACK. Then I am for the gentleman. And so the gentleman is with me. He is playing politics at that rate.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. McCORMACK. Let me go ahead. I only have a few minutes.

Mr. Speaker, the gentleman from Indiana [Mr. HALLECK] tried to justify a vote for the rule by saying, "You can amend later on." But you are tying your hands. A lot of these provisions can be stricken out on a point of order and these are provisions in the bill that change the organic law, that came out of the Committee on Agriculture, passed this branch and the other branch, and became law. The distinction between the rules of the past waiving points of order and this one is that invariably in the past it was where the Appropriations Committee made an appropriation for some activity for which there was no authority in law. This is a rule repealing in whole or in part existing law or parts of existing organic law. There is a marked difference between the rules reported out in the past making in order an activity in an appropriation bill for which there was no authority. This type of rule repeals in part or in whole some of the important provisions relating to agriculture.

Let me show you how far the Appropriations Committee went in its attempt to do a job and there is no question but what there is a job being done on agriculture in this bill. I call your attention to the National School Lunch Act provision, which concerns cities too, reading:

To enable the Secretary to carry out the provisions of the National School Lunch Act of June 4, 1946, \$45,000,000.

They cut it from \$75,000,000 to \$45,000,000. But what did they do further? Did they stop there? No.

Provided, That no part of this appropriation shall be used for matching funds from sources within the States derived from the sale of lunches.

In other words, whoever in the Appropriations Committee conceived that and whoever voted for it not only had in mind a sharp reduction in the school-lunch program but they went further and they did a job on the school-lunch program because the little amount paid for school lunches has been used in the past as a part of the State's fund, and the organic act permits it to be used in that way, and that is matching the Federal fund.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I point out the legislative features of this appropriation bill deprive agriculture of about \$183,000,000 without giving the Legislative Committee of the House any opportunity at all to even discuss the matter with farm leaders and farm officials of the Department of Agriculture.

It seems to me that it is a very important matter when legislation of this kind can be brought in on an appropriation bill and the farmers of this country deprived of a substantial sum of money to the tune of \$183,000,000.

Mr. McCORMACK. And it produces great harm to the conservation program, to the price-control-support program, to the veterans' program, to the small farm-

ers, to the lunch-school program, as well as other activities.

I might make this brief observation. It is rather interesting that every time I take the floor I am accused of politics, and when the gentleman from Indiana [Mr. HALLECK] takes the floor he is not accused of it. I am not accusing him of playing politics. He is doing his job, and I respect him, and I do not accuse the gentleman of engaging in politics in trying to have the rule adopted, but any time one of the Democratic leadership takes the floor—and you better stop it in the future—they are accused of engaging in politics. That could work both ways. We do not accuse the Republican leaders of it, and when the gentleman is taking the position he is taking he is only doing his job, and I admire him for it, although if I could look into his mind and read his thoughts, he is disgusted with the action taken by the majority of the Committee on Appropriations in reporting this bill.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. CHENOWETH. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, the distinguished gentleman from Massachusetts has indicated that he can look into my mind and determine what is going on with respect to this matter. I do not have to look into his mind or the mind of the gentleman from Illinois [Mr. SABATH], or some of the others who have spoken over there, to see what is going on in their minds.

Now, they cannot distinguish this rule in any real particular from rule after rule that they brought out here and asked us to support and which many of us did support. The thing that disturbs them is that the items in this bill that might be subject to a point of order are going to save the Government and the taxpayers some money, and that is just completely abhorrent to them. Why, they cannot be for economy in Government. They cannot be for saving the taxpayers any money, so they adopt this position of opposition to this rule, not because of any great solicitude for those of us on this side, but because they are just following the old pattern that has been in evidence here every day since we first met last January 3, which is one of stubborn opposition to every move we make to try to cut the cost of government.

Mr. CHENOWETH. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, the devil can cite Scripture to his purpose. It is so very obvious that the discussion here indicates that those who oppose the rule are more interested in the subject matter of the bill than in the technicalities of committee jurisdiction.

Now, let me make it abundantly clear what is involved here today. This rule is worth \$183,000,000. Many rules cannot be interpreted in terms of money. This one can. The action by the committee in rescinding what is known as so-called section 32 funds, which consist of 30 percent of customs receipts which are permanently appropriated, will be stricken from this bill on a point of order if the

rule is not granted, and the \$383,000,000 saving that the committee labored to bring in here will be reduced from \$383,000,000 to \$235,000,000. That is involved in this rule. We had the benefit of the testimony. The discussion you hear here today is predicated not upon testimony but rather upon a technical consideration or a political consideration. This committee has taken testimony for 7 weeks. We had 411 witnesses before the subcommittee. It has taken us 3 months to bring this bill here. We have taken very advised action in the matter.

After battling through the subcommittee, the full committee, and the Rules Committee, and supporting the rule on the floor of the House, if we now cannot have a rule then take \$183,000,000 of economy out of this bill. On the 20th of February you all voted on the legislative budget. The vote was 229 to 174. To the call of the roll your voice intoned that you were in favor of trying to achieve a \$6,000,000 economy. We bring in here a bill in support of that thesis. Are you going to cripple our efforts now on a technicality?

It is said that this is a departure from custom. I do not see the gentleman from Missouri on the floor just now, who was at one time the distinguished chairman of the subcommittee of which I am now the chairman. Year after year I went to the Rules Committee with him. I stood at his right hand and helped him ask for a rule to protect the bill, and no one will deny it. Here today we are marshaling the facts and marshaling the record. There is no departure here. We have gone through this sort of business in other years. Always I have stood with your chairman asking to get a rule, even though it was being fussed over on this side, because there was little of partisanship and politics in the Subcommittee on Agricultural Appropriations.

I served on the Reorganization Committee with the gentleman from Oklahoma [Mr. MONRONEY], who did a marvelous job; and how long we battled on this thing—18 months—and then brought in a bill with a bridge title and a retirement title and a pay increase. We had a provision in there to take all legislative matters out of appropriations. You could not even report an appropriation bill with a legislative matter in it. What happened? We sat down with the leadership not only on our side but on your side as well, and we took it out, so that it applies today to the Senate but not to the House of Representatives. You approved that bill with that item stricken. Will you stand here now, depart from the record, and give us that kind of opposition?

I sometimes wonder why a Member of the House who is in his right mind will take service on the Appropriations Committee and eat his heart out month after month to scare up a few dollars for the American taxpayers, and then be so constantly challenged by technicalities upon the floor. If you want to throw that \$183,000,000 out the window, all right. You have as many prerogatives, as many privileges, as much power, and as many rights here as I have. But it will be noted on the record whether you

will escape or not under these circumstances if you take \$183,000,000 out of this bill.

You are not foreclosed in your rights. You can strike out the rescission provision on section 32 when the bill is read for amendment. If you do not like what we did on meat inspection when we are trying to put the inspection fee upon the packers and save \$6,000,000 for the Treasury this year and another \$5,000,000 next year, you can move to strike it out. If you do not like what we have done with REA in sending them directly to the Treasury instead of circuitously through the Reconstruction Finance Corporation, without changing their interest rate or their prerogatives or their priorities or anything else, you are free to strike it out by an amendment on the floor. There is not an item covered in this rule that you cannot strike out. But you see, you test it on its merits. It is not the arbitrary fact that you can stand and say, "Mr. Chairman, I make a point of order," and then suddenly, without testing the merits of the provision, throw it out the window. Is that the way you are going to dispose of the \$183,000,000 of economy involved?

This committee does not try to usurp the prerogatives of any other committee. But try to write an Agriculture appropriation bill with a thousand and one different provisions in it and try to squeeze out of it a little economy, and see the difficulties that you run into. It is a regular wilderness of technicality. You have to be so serpentine and sinuous in your tread in order finally to get a bill that will stand up and effect a little economy and avoid, insofar as it can, legislative provisions.

There is not a single legislative provision in this bill that is not coupled with an economy.

Meat inspection—there is an economy of \$6,140,000.

Section 32—the economy is \$148,000,000.

If we did not do it, that \$148,000,000 would be a loose roving amount of money that would not find its way back into the Treasury until the end of the fiscal year 1948, which is a year from next June.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. H. CARL ANDERSEN. Is it not a fact that we could allocate \$148,000,000 of AAA funds to take care of this particular section 32 fund?

Mr. DIRKSEN. I shall point that out.

Mr. Speaker, were we so profane in this matter? The President of the United States, who is of the opposite political persuasion, took \$100,000,000 out of section 32 and put it into the Agricultural Adjustment Act, which meant the conservation-payment fund. The President and the Bureau of the Budget did that. Perhaps it was subject to a point of order, but when we go to the merits of the matter, have we then been so profane?

With respect to the other \$48,000,000, it was a pretty nebulous case, as I shall seek to point out in the general discussion, and I shall cite you line and page of the scripture to prove it, instead of drawing it out of thin air with some kind



of speculation or some kind of conjecture.

Then there is the Rural Electrification Administration. We were quite generous with that, I thought.

Here, at the instance of the Reconstruction Finance Corporation officials and with the approval of the Budget Division of the Department of Agriculture, the language in the bill was submitted. They said instead of borrowing by first going through the Administrator and the Secretary and then the RFC and then the Treasury Department, why not go directly to the Treasury. It does not prejudice them in their operations whatsoever. It will save three-quarters of 1 percent because that is what the Reconstruction Finance Corporation takes out.

Then, for its administrative work it puts people on the pay roll. It is coupled then with the saving of \$25,000,000 in cash and it then makes inoperative the 85-percent collateral provision under which they operated and it does them good rather than harm because it facilitates and expedites their operations. There can be no quarrel about it.

Gentlemen, are we going to test these things on their merits or are we going to throw them out the window? There is ample precedent for what we do today—abundant precedent, if you please. And not a single Member of this House is foreclosed when we are in Committee of the Whole from his opportunity to say, "Mr. Chairman, I offer an amendment to strike out the rescission title of section 32 funds." And that amendment will be in order. Not a single Member is foreclosed in his opportunity to say, "Mr. Chairman, I offer an amendment to strike out the provision on meat inspection." And that amendment will be in order. No Member is foreclosed in his right to say, "Mr. Chairman, I move to strike out the provision on Rural Electrification Administration." And it will be in order. Or to say, "Mr. Chairman, I move to strike out the proviso on AAA funds." And it will be in order. In every case we will test the whole controversy on its every merit instead of just throwing it out the window on a technicality. So, I say to you, after 3 months of endeavor we would like to have this rule. I appeared before the Committee on Rules yesterday morning. The gentleman from Kansas [Mr. HOPE] was there. He opposed the rule. The gentleman from North Carolina [Mr. COOLEY] was there. He opposed the rule. The gentleman from Missouri [Mr. ZIMMERMAN] was there. He opposed the rule. The gentleman from Georgia [Mr. PACE] was there. He opposed the rule. The gentleman from Missouri [Mr. CANNON], former chairman of the Committee on Appropriations, was there. He opposed the rule. I sought in my humble and feeble way to say, "Give us an opportunity to bring this matter to the floor of the House and let the Members of the Congress work their will on these provisions. Let us not be diverted by some question of legislative or technical jurisdiction." Now, that is the whole question that is involved here.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. COOLEY. The gentleman seems to regard this matter as a mere technicality, of very slight importance. I know the gentleman is usually very frank. I wonder if the gentleman will not confess to the House that this is a bold invasion of the prerogatives of the House Committee on Agriculture, of which the chairman is the gentleman from Kansas [Mr. HOPE].

Mr. DIRKSEN. Well, let us see what a bold invasion this is. When the gentleman from Missouri [Mr. CANNON] was the chairman of this committee, after years of urging on my part, we changed the character of soil-conservation payments so as to make them conservation and use payments instead of subsidies. We did that in an appropriation bill. I went up there with the gentleman from Missouri [Mr. CANNON] and helped get a rule on it. I went with the distinguished gentleman from Missouri [Mr. CANNON] to the Rules Committee to get a rule to cover an amendment on agricultural credit as it related to the Agricultural Credit Corporation. We had to draw language in such involved fashion that hardly a Philadelphia lawyer could understand it, but it was still subject to a point of order. Just like Herminius stood at Horatius' right arm at the bridge on the Tiber, I stood there with the gentleman from Missouri [Mr. CANNON], and said, "Give us a rule," and I have been doing it for 10 years.

Mr. COOLEY. Mr. Speaker, will the gentleman yield right there?

Mr. DIRKSEN. I yield.

Mr. COOLEY. So the gentleman is consistent in his policy and his contention that the integrity of the legislative committees should not be so carefully guarded?

Mr. DIRKSEN. No, no. Let me comment on that. That is not what the gentleman from Illinois has in mind. I say to you, out of a humble heart, if you could serve for 1 or 2 years on an appropriation committee and see what labyrinthian wilderness of restrictions we operate under, that taxes the facility of the General Accounting Office to the point where the Comptroller General is fairly beside himself and says, "For God's sake, let us get some relief from this great labyrinthian bureaucracy with all of its fiscal restrictions"—if you have 1 year of experience your heart would be filled to overflowing with sympathy for the 43 members who go through that labor year after year.

I yield to the gentleman.

Mr. COOLEY. Did not the gentleman yesterday state to the Rules Committee that being chairman of the Subcommittee on Agricultural Appropriations it was almost impossible for the gentleman and his committee to write an appropriation bill without invading the prerogatives of the legislative committees and writing legislation on appropriation bills?

Mr. DIRKSEN. Oh, no; it is not quite what the gentleman from Illinois said. What the gentleman from Illinois said to the Rules Committee was that it is pretty

difficult and sometimes an almost impossible thing to prepare an appropriation bill and achieve the kind of economies that we effected and not drift over a little bit into this field of legislative jurisdiction. There is not a chairman of the Appropriation Subcommittees who will not bear me out in the difficulties under which we labor.

So, in the best of grace, let us test this thing out on its merits, approve this rule, and let us see whether or not this House wants to initiate a saving of \$183,000,000 that is involved in this rule today. It is your question to decide.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. CHENOWETH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 130, noes 103.

Mr. SABATH. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 189, nays 170, answered "present" 2, not voting 68, as follows:

[Roll No. 65]

YEAS—189

Allen, Calif.	Footo	MacKinnon
Anderson, Calif.	Fulton	Maloney
Andrews, N. Y.	Gallagher	Mason
Angell	Gamble	Mathews
Arends	Gavin	Meade, Ky.
Arnold	Gearhart	Meyer
Bakewell	Gillette	Michener
Banta	Goodwin	Miller, Conn.
Bates, Mass.	Graham	Miller, Md.
Beall	Griffiths	Mitchell
Bennett, Mo.	Gross	Morton
Bishop	Gwynne, Iowa	Muhlenberg
Blackney	Hale	Murray, Wis.
Boggs, Del.	Hall	Norblad
Bolton	Edwin Arthur	O'Hara
Bradley	Hall	Owens
Brehm	Leonard W.	Patterson
Brophy	Hallock	Phillips, Calif.
Brown, Ohio	Harness, Ind.	Potts
Buck	Hartley	Poulson
Buffett	Herter	Ramey
Burke	Heseltin	Reed, Ill.
Busbey	Hess	Reed, N. Y.
Butler	Hinshaw	Rees
Byrnes, Wis.	Hoffman	Reeves
Canfield	Holmes	Rich
Carson	Horan	Richman
Case, N. J.	Howell	Rizley
Chadwick	Jackson, Calif.	Robison
Chenoweth	Javits	Rockwell
Chiperfield	Jenlon	Rogers, Mass.
Church	Jenkins, Ohio	Rohrbough
Clason	Jennings	Ross
Clevenger	Jensen	Russell
Clippinger	Johnson, Ill.	Sadlak
Coffin	Johnson, Ind.	St. George
Cole, Kans.	Jones, Ohio	Sanborn
Cole, Mo.	Jones, Wash.	Schwabe, Mo.
Cole, N. Y.	Judd	Schwabe, Okla.
Corbett	Kean	Scott, Hardie
Coudert	Kearney	Scrivner
Crawford	Kearns	Seely-Brown
Crow	Keating	Short
Cunningham	Kersten, Wis.	Simpson, Pa.
Dague	Kunkel	Smith, Kans.
Davis, Wis.	Landis	Smith, Maine
Devitt	Latham	Smith, Ohio
D'Ewart	LeCompte	Smith, Wis.
Dirksen	LeFevre	Snyder
Dondero	Lewis	Springer
Eaton	Lodge	Stevenson
Ellis	Love	Stockman
Ellsworth	McConnell	Stratton
Elsaesser	McCowan	Sundstrom
Elston	McDonough	Taber
Engel, Mich.	McGarvey	Taylor
Fellows	McGregor	Thomas, N. J.
Fenton	McMahon	Tibbott
Fletcher	McMillen, Ill.	Tollefson

Towe  
Twyman  
Vail  
Van Zandt  
Vorys

Vursell  
Wadsworth  
Welch  
Wigglesworth  
Wilson, Ind.

Wolcott  
Wolverton  
Woodruff  
Youngblood

## NAYS—170

Abernethy  
Albert  
Allen, La.  
Almond  
Andersen,  
H. Carl  
Andresen,  
August H.  
Andrews, Ala.  
Barden  
Barrett  
Bates, Ky.  
Battle  
Beckworth  
Bell  
Blatnik  
Bonner  
Boykin  
Bramblett  
Brooks  
Brown, Ga.  
Bryson  
Buchanan  
Buckley  
Bulwinkle  
Camp  
Cannon  
Carroll  
Case, S. Dak.  
Celler  
Chapman  
Clark  
Combs  
Cooley  
Cooper  
Cotton  
Courtney  
Cravens  
Cresser  
Davis, Ga.  
Davis, Tenn.  
Dawson, Ill.  
Dawson, Utah  
Deane  
Delaney  
Dolliver  
Donohue  
Dorn  
Doughton  
Douglas  
Drewry  
Durham  
Elliott  
Engle, Calif.  
Evins  
Fallon  
Feighan  
Fernandez

Fisher  
Flannagan  
Fogarty  
Folger  
Forand  
Gathings  
Goff  
Gordon  
Gore  
Gorski  
Gossett  
Granger  
Grant, Ala.  
Gregory  
Hagen  
Hardy  
Harless, Ariz.  
Harris  
Harrison  
Havener  
Hays  
Hedrick  
Hendricks  
Hobbs  
Hoeven  
Hollfield  
Hope  
Huber  
Hull  
Jackson, Wash.  
Jarman  
Johnson, Calif.  
Johnson, Okla.  
Johnson, Tex.  
Jones, Ala.  
Jones, N. C.  
Karsten, Mo.  
Kee  
Kefauver  
Kennedy  
Keogh  
Kerr  
Kilday  
Kirwan  
Larcade  
Lemke  
Lesinski  
Lucas  
Lusk  
Lyle  
McCormack  
McMillan, S. C.  
Mahon  
Manasco  
Mansfield  
Mont.  
Marcantonio  
Martin, Iowa

Meade, Md.  
Miller, Calif.  
Mills  
Monroney  
Morgan  
Morris  
Mundt  
Murdock  
Murray, Tenn.  
Norton  
O'Brien  
O'Konski  
O'Toole  
Pace  
Passman  
Patman  
Peden  
Philbin  
Pickett  
Poage  
Preston  
Price, Fla.  
Price, Ill.  
Priest  
Rains  
Rankin  
Rayburn  
Richards  
Rivers  
Robertson  
Rogers, Fla.  
Sabath  
Sadowski  
Sasscer  
Sheppard  
Sikes  
Simpson, Ill.  
Smathers  
Smith, Va.  
Stanley  
Stefan  
Stigler  
Thomas, Tex.  
Thomason  
Trimble  
Vinson  
Walter  
West  
Wheeler  
Whitten  
Whittington  
Williams  
Wilson, Tex.  
Winstead  
Wood  
Worley  
Zimmerman

## ANSWERED "PRESENT"—2

Hill Talle  
NOT VOTING—68

Allen, Ill.  
Auchincloss  
Bender  
Bennett, Mich.  
Bland  
Bloom  
Boggs, La.  
Burleson  
Byrne, N. Y.  
Chelf  
Clements  
Colmer  
Cox  
Curtis  
Dingell  
Domengeaux  
Eberhart  
Fuller  
Gary  
Gifford  
Gillie  
Grant, Ind.  
Gwinn, N. Y.

Hand  
Hart  
Hébert  
Heffernan  
Jenkins, Pa.  
Jonkman  
Keefe  
Kelley  
Kilburn  
King  
Klein  
Knutson  
Lane  
Lanham  
Lea  
Lynch  
McDowell  
Macy  
Madden  
Mansfield, Tex.  
Merrow  
Miller, Nebr.  
Morrison

Nixon  
Nodar  
Norrell  
Peterson  
Pfeifer  
Phillips, Tenn.  
Ploeser  
Plumley  
Powell  
Rabin  
Rayfield  
Redden  
Riley  
Rooney  
Sarbacher  
Scoblick  
Scott,  
Hugh D., Jr.  
Shafer  
Somers  
Spence  
Teague  
Welch

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Ploeser for, with Mr. Colmer against.  
Mr. Jonkman for, with Mr. Hill against.  
Mr. Grant of Indiana for, with Mr. Talle against.

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Mr. Gifford for, with Mr. Morrison against.  
Mr. Weichel for, with Mr. Riley against.  
Mr. Macy for, with Mr. Domengeaux against.  
Mr. Auchincloss for, with Mr. Cox against.  
Mr. Bender for, with Mr. Klein against.  
Mr. Jenkins of Pennsylvania for, with Mr. Lane against.  
Mr. Merrow for, with Mr. Gary against.  
Mr. Hand for, with Mr. Eberhart against.  
Mr. Gwinn of New York for, with Mr. Pfeifer against.  
Mr. Plumley for, with Mr. Dingell against.  
Mr. Sarbacher for, with Mr. Rooney against.  
Mr. Scoblick for, with Mr. Norrell against.  
Mr. Hugh D. Scott, Jr., for, with Mr. King against.  
Mr. McDowell for, with Mr. Lea against.  
Mr. Nodar for, with Mr. Lynch against.  
Mr. Bennett of Michigan for, with Mr. Heferman against.  
Mr. Shafer for, with Mr. Burleson against.

## General pairs until further notice:

Mr. Curtis with Mr. Rabin.  
Mr. Fuller with Mr. Hart.  
Mr. Allen of Illinois with Mr. Teague.  
Mr. Kilburn with Mr. Hébert.  
Mr. Knutson with Mr. Kelley.  
Mr. Nixon with Mr. Boggs of Louisiana.  
Mr. Gillie with Mr. Rayfield.  
Mr. Miller of Nebraska with Mr. Byrne of New York.

Mr. TALLE. Mr. Speaker, I have a pair with the gentleman from Indiana, Mr. GRANT, who is absent on official business. Had he been present, he would have voted "yea." I voted "nay." I therefore withdraw my vote and answer "present."

Mr. ROBERTSON changed his vote from "yea" to "nay."

Mr. HALE changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. DIRKSEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948.

Mr. HILL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HILL. Mr. Speaker, may I inquire how I was recorded? I had a pair with the gentleman from Michigan, Mr. JONKMAN. I voted "no." I wish to withdraw my vote and vote "present."

The SPEAKER. The vote has been announced and the time when the gentleman could have announced how he would have voted has passed—except by unanimous consent.

Mr. HILL. But, Mr. Speaker, the Clerk read the pair himself.

The SPEAKER. That is true, but the gentleman himself had voted. He should have addressed the Chair and requested that he be recorded as "present."

Is there objection to the gentleman from Colorado changing his vote? [After a pause.] The Chair hears none. The gentleman from Colorado will be recorded as having been paired in opposition to the rule.

DEPARTMENT OF AGRICULTURE  
APPROPRIATION BILL, 1948

Mr. DIRKSEN. Mr. Speaker, I renew my motion, and pending that may I suggest to the gentleman from Missouri that the time be equally divided, that we run on more or less indeterminately today with the hope that before the Committee rises we probably will be able to read at least the first section of the bill and perhaps a little more.

Mr. CANNON. I think the division of the time can very well be arranged, but we should proceed without further limitation until we know just how many wish to be heard. I trust nobody will be denied an opportunity to be heard during general debate.

Mr. DIRKSEN. Insofar as that can be complied with, that certainly will be the rule; but in view of the fact that time is of the essence and so many Members want to get away Thursday, as expressed earlier by the majority leader, I hope we can complete the bill tomorrow. Therefore, whatever progress we can make today will be in good stead as we begin deliberations on Wednesday.

Mr. CANNON. I am very glad to cooperate with the gentleman from Illinois in the hope that we will be able to make good progress with the understanding that no definite arrangement is made as to reading any particular part of the bill today.

Mr. DIRKSEN. Mr. Speaker, the chairman of the subcommittee wishes to be rather clear on what is contemplated here. It is hoped we will be able to read at least the first paragraph tonight and perhaps a little more.

The SPEAKER. The gentleman from Illinois asks unanimous consent that debate on the bill run throughout the day, the time to be equally divided between himself and the gentleman from Missouri [Mr. CANNON].

Is there objection?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3601, the Department of Agriculture appropriation bill for the fiscal year 1948, with Mr. HERTER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. DIRKSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, the hour has struck. The time has arrived for the Republican Party to put performance ahead of promises. It is time for it to assume its responsibility to the people the while it saves the small farmers of America from regimentation and destruction. It is time for Congress to cooperate to that end.

That there is a concerted attempt to consolidate agriculture and to make big business out of it under Federal control at the expense and wiping out of the



small farmer, as is also true with respect to small business, is not to be denied. It is admitted.

While I did not and do not agree with all the items contained in the bill, I am in favor of many of them, for this is no time for any American to count what votes it will cost him to oppose or to support a program for economy and against paternalism. He must have the courage of his convictions. This is the time for anybody with intestinal fortitude to stand up for his country despite the penalty he may pay to demagogues and self-seekers and job hunters.

Over the last few years before and during the war there has grown up all over the country a group of paternalists, radicals and Socialists, who believe this is a good government to live under, so long as they can live off it. Do not forget it. Some of these people forget that they are themselves paying for all this alleged Government assistance. I cannot understand their attitude. The Government gets no money except by taxing these very people. What it hands to them it first takes from them, or somebody else.

Economy is only practiced when it commences at home. It is time to economize and to become stable and practical. We need to economize; and to do it, instead of talking about it, is the only way to have economy prevail. We must eliminate, cut down, and save to the utmost. Expenditures throughout the Government have pyramided beyond reason and our ability to carry on.

Attempts to threaten or coerce Members of Congress to vote for or against measures are un-American approaches. The average hard-working farmer who is a member of the Grange or the Farm Bureau does not know and would not approve of the methods the "big boys" employ as they earn their salaries out of the pockets of the average farmer. It is a shame.

I have lived my life in Vermont. I am for Vermont. I do not have to prove it. I am for Vermont farmers and their welfare. I do not have to say so. I will try to see that their needs are met and cared for. They know it.

I hate hypocrisy and demagogery, and the spending of the money of my Vermont friends to try to carry on a Henry Wallace program. I am opposed to it. We need to get back to the old-fashioned honesty of hard work and a fair price for its products. God knows when we will ever reach that discretion.

This bill is both a threat and a promise. Demagogues will call it all kinds of names, and hypocrites will label it others. While I am opposed to some of its provisions, it is really a step toward a 100-percent America for the farmers of America. It needs some trimming; I admit I am for it and it will get it.

Agriculture is the most essential industry in the world. It has long been one of the most independent of industries. The farmer who owned his farm and managed his own business independently and paid his own way was a king. He should be allowed to operate without Government interference or control.

Organization is all right if not too comprehensive. A too far-reaching control from the Government becomes arbitrary

and dictatorial. It will speed the end of the small farmer.

Federalized agriculture spells the destruction of initiative, destroys the desire to make one's living off a farm, and eventually destroys America. Paternalism wherever it shows its head should be stopped, for it carries a poison which has buried other civilizations five deep. If we are to maintain our self-respect, our form of government, and wish to contribute to the acceptance of the responsibility in world affairs which is ours to bear, or to shirk, we must begin with the real dirt farmer. This bill undertakes to protect him. This bill undertakes to place the responsibility for the farm program back on the farm; to eliminate government control, regimentation, and unnecessary duplication of needless expense and effort. The only way to reduce taxes is to cut expenses.

The bill is not perfect. There are amendments to it which should be made. I will support them. I will support the bill as it probably will be amended, for it is a step in the right direction in the interests of the farmers. It is time the real farmers had a chance to operate their farms and be independent. They will be either independent, or cease to be.

As one person said concerning all the schemes offered by the farm agents and bureaucrats: "Those boys in the Department of Agriculture who want to federalize and paternalize the farm forget that they cannot beat God." There is so much in that statement one could wisely spend a week or more considering what it involves.

The cuts which are made are most of them wise. Some are unwise, in my opinion, and I so registered in the subcommittee, as a hopeless minority.

The cuts, and the reasons offered therefor, will be fully gone into during the debate which will follow.

The subcommittee is composed of a group of good-natured fighters representing the country, and fighting for it, and for the citizens who represent agriculture, our farmers.

Mr. DIRKSEN. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, may I first compliment the chairman of our Subcommittee on Appropriations for Agriculture, the gentleman from Illinois [Mr. DIRKSEN], for the very fair and considerate manner in which he has handled the operations of this subcommittee. Certainly, we eight members of this subcommittee have not always agreed. No bill contains more controversial matters than does the one now before the House. The problem have been approached strictly on basis of nonpartisan consideration, as to what is best for our Nation. Never once do I recall during the near 2 months we were in session that any political red herrings were dragged into these hearings by members of the subcommittee. It has been a pleasure to serve with not only the other members of the majority of this committee, Mr. PLUMLEY, Mr. HORAN, and Mr. PHILLIPS of California, but also with the members of the minority, Mr. CANNON, Mr. SHEPARD, and Mr. WHITTEN.

It has been my endeavor to consider the appropriations for the Department of Agriculture, which represents in the Government my personal industry, in exactly the same manner in which those for Labor and Federal Security were

considered. This is based entirely upon Just how much is necessary for the the numerous bureaus of the Department? What out harm to the people?

Today the United States faces the grim reality of having a population of \$259,000,000,000. How can we own house in order to weather successfully? We do not know how many millions of people called upon to lend a hand away to small nations, them from going back of communism. So we be so careful in things in our domestic same time see these nullified by huge losses? The two do same category, in my opinion are for peace through our various Government, while the agency loans made in will prevent a third world war.

In considering this agriculture budget now proposed, first of all, that \$1,188,571,318 is the President for the fiscal year 1948, commencing July 1, of this one. The subcommittee considered each and hundreds of items, and to whoever might call it to any of them to the floor of this which I feel, generally good in the main, has reduction of \$383,427,000 from the toward the balancing Budget. The farmer has a stake in our financial any other group. I are happy to make it might be asked of the order that our Nation's its affairs be made.

Now, my friends, judgment, when I voted "not vote to increase bill by \$148,000,000, the gentleman from Minnesota well knows, we mittee here later spend do so, that \$148,000,000 for triple-A, which appropriation, could be tion 32 funds. So, to my good chairman persuasiveness, I did item, as far as economy was affected in any "no" vote upon the opposed the asking of appropriation bills. We respect the rights of the mittees of the House

Might I state in reference to a 1-minute speech made by the gentleman from Mississippi [Mr. RANKIN] here today, in which he pleaded for more appropriations for REA, that REA will have available on the 1st of July \$550,000,000 for construction purposes. Do you know that REA has today allocated, but not expended, \$325,000,000? That is the testimony of Mr. Wickard before our subcommittee. We are giving them an additional \$225,000,000 here, and surely, with better than half a billion, this subcommittee has done well by REA. We have seen to it that every cent that REA can legitimately expend, when we consider the cost of labor and material, is given to them in this particular bill.

Mr. MUNDT. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from South Dakota.

Mr. MUNDT. I am rather interested in the gentleman's comments about REA. I have received a number of telegrams from local REA associations expressing concern about some of these cuts.

Mr. H. CARL ANDERSEN. Might I say to the gentleman from South Dakota, in the first instance, that it is just too bad that certain parties have misrepresented the action of our subcommittee in this matter. There are no better friends of REA in Congress than are upon this subcommittee—Democrats as well as Republicans. May I assure the gentleman that every cent that REA can properly use is available for that great project the coming fiscal year. We want it completed as soon as possible so as to bring to every farm home in America this wonderful convenience.

Mr. MUNDT. I know the gentleman from Minnesota has been a long-time friend and supporter of REA.

Mr. H. CARL ANDERSEN. May I state to the gentleman that REA provides the light and electricity for my home farm in Minnesota.

Mr. MUNDT. It is gratifying to have the assurance that if this appropriation passes in the form it is now before the House the expansion and projection of REA to areas which are not now served can be continued without any crippling of the legitimate program. I think that is the gentleman's assurance, is it not?

Mr. H. CARL ANDERSEN. Absolutely, and the entire subcommittee feels as I do.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Mississippi.

Mr. WHITTEN. This fund for administrative expenses is cut approximately one-third. The gentleman would not take the position that that would not necessarily mean that applications for extensions and the approval of new loans and class B loans would be delayed. The gentleman hopes that it will not, but the gentleman cannot give us any assurance of that, can he?

Mr. H. CARL ANDERSEN. I have a very high regard for my friend from Mississippi but must differ with him because, after all, we have reached a certain pattern in the allocation of these loans and it is not necessary—and I have this word from some of my associations back

home—for these engineers, accountants, and so forth, to come out there continuously from the national headquarters and tell them what to do. These allocations, as the gentleman from Mississippi well knows, are mainly for B, C, and D projects, and surely it is not now necessary to extend the same degree of supervision.

Mr. WHITTEN. That is right; in reference to the kind of allocations.

Mr. H. CARL ANDERSEN. I do not agree with the gentleman that we have done anything but good for REA when we instill in them a little caution toward economy. After all, why should not they, as well as any other governmental agency, take their share of the cut. Four million dollars is going to give them ample money with which to do a good job.

Mr. WHITTEN. The gentleman will agree that the applications for class B loans and other loans which should provide for area coverage still must come into Washington and be approved here, and these administrative funds are necessary to take care of them?

Mr. H. CARL ANDERSEN. Certainly they must come into Washington, but not with all the red tape attached to the preceding ones. As I said, the pattern has been set. I think it is time to get some of those attorneys out of the Solicitor's office as well as some of the numerous employees out of the REA. These people can do something more worthwhile for the Government than they are doing in those particular positions.

Mr. BENNETT of Missouri. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Missouri.

Mr. BENNETT of Missouri. Is the economy being made in REA largely on administrative expenses?

Mr. H. CARL ANDERSEN. Practically entirely in connection with the administrative expenses. One-tenth only of the money asked for to extend lines was refused.

Mr. BENNETT of Missouri. It is not on the construction of lines?

Mr. H. CARL ANDERSEN. We gave to the REA in this bill 90 percent of what they asked for as far as loan authorizations are concerned. Remember that that \$225,000,000 is piled upon the other \$325,000,000 which is also available for construction, having been allocated but not expended as yet. Look at Mr. Wickard's testimony to that effect on page 1434 of the Record.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. I notice the report states that the \$4,000,000 exceeds the amount appropriated for 1945 for REA. I wonder how that \$4,000,000 figure compares with the amount they received in 1946.

Mr. H. CARL ANDERSEN. In 1945 they had available for administrative expenses \$3,246,000. In 1946 the amount was \$4,340,000 and \$5,500,000 in 1947. If we are ever to balance our budget and get down to sanity in the line of expending money, each and every agency of this great, rambling structure of the United

States Government will have to take proportionate cut. Much as I regret REA, no agency should be exempt from the trimming which absolutely must be done.

Mr. COLE of Missouri. This is a point in which I am vitally concerned. We know that in 1945 there was no possibility of expansion and extension of REA lines because it was impossible to get the necessary materials and equipment to expand.

Will this \$4,000,000 figure hamper or hinder or delay the expansion of REA lines to those communities which are now served?

Mr. H. CARL ANDERSEN. I do feel that this reduction in administrative expenses will do anything but good.

Mr. MUNDT. In line with what the gentleman has said, and in further support of his position, reducing the amount of bureaucracy somewhat might cut some of the red tape and actually expedite operations instead of delaying them.

Mr. H. CARL ANDERSEN. I feel that that would apply to almost any Government agency today. We spend about \$34,000,000,000 for food for all of 140,000,000 people. The President has asked for \$37,500,000,000 for expenses of the Government. Think of it.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to my good friend from South Dakota.

Mr. CASE of South Dakota. As a matter of fact, of the proportion of the \$225,000,000 which would become available for lines, is not the amount allowed for administrative funds of the REA, namely, \$4,000,000, larger than they have had some years?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Illinois [Mr. DIRKSEN] for answer to that question.

Mr. DIRKSEN. I was going to say my friend, the gentleman from South Dakota, that on almost one-half of the amount requested they energized twice as much line in 1940 as they did in 1939.

Mr. H. CARL ANDERSEN. I thank the gentleman from South Dakota [Mr. CASE] was referring to administrative expenses.

Mr. DIRKSEN. Yes; that is what I am referring to.

Mr. CASE of South Dakota. They certainly ought to be able to along on this \$4,000,000.

Mr. DIRKSEN. Definitely; they could have gone on with less. We thought the committee was extremely generous on that.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Missouri.

Mr. SHORT. From the beginning we have believed in the efficacy and good work of the REA. We all know that it has shifted many of the burdens and much drudgery from the backs of men and women to the muscles of iron and steel driven by electricity. But object to much of the information and propaganda which has been sent misleading our people, trying to convince them that the failure of some farm to get electricity is the result of failure of Congress to appropriate



funds. I have voted for appropriations and for increased appropriations for the REA. The reason that some of the farmers in the various districts cannot get electricity is due not to the failure of Congress to pass sufficient appropriations to meet their needs, but rather to the costly, cumbersome, and inefficient administration of the Federal bureaucracy.

Mr. H. CARL ANDERSEN. The gentleman is entirely correct. In my opinion, many of these so-called friends of rural electrification are doing that great work a disservice in bringing needless pressure upon the Members of this House who have proven themselves time and again on both sides to be real friends of the REA. We will give REA every dime they need, but at the same time we do not intend to put more money on the shelf than is necessary.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Texas.

Mr. POAGE. I hope there is no misunderstanding about this money that is now available as the gentleman mentions. I do not understand the gentleman to tell us there are \$325,000,000 now available for allocation for loans to a cooperative that either wants to extend its lines or is now starting in business? That money has already been allocated.

Mr. H. CARL ANDERSEN. It has been allocated but not expended.

Mr. POAGE. That is right.

Mr. H. CARL ANDERSEN. But the money is there and they will have it for construction purposes, when needed and when the materials and labor are available.

Mr. POAGE. That is right, but the gentleman did not intend to say that even the \$225,000,000 will all be expended before the end of the fiscal year.

Mr. H. CARL ANDERSEN. No; I do not think it is necessary that it should be. Most of it will be allocated, however.

Mr. POAGE. Certainly it will be allocated during this coming year. The \$325,000,000 which has been mentioned does not add 1 penny to the amount of money that is available to take care of your people who do not now have lines. The \$225,000,000 is all the money that is being made available during the next fiscal year to take care of people not now signed up. Is that not right?

Mr. H. CARL ANDERSEN. I think the subcommittee has made every necessary provision as far as funds are concerned to keep this great project going in high gear. What more can the REA people ask?

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to my friend from Tennessee.

Mr. JENNINGS. It has been my observation and experience—and I think I am in a position to know, because I am down there in the middle of TVA, where there is an unlimited quantity of electric power—that the trouble about the extension of this REA service is the inability of those who desire it or those who furnish it to obtain transformers and other

equipment in the way of wire. That is the great trouble.

Mr. H. CARL ANDERSEN. And that will continue to be the great problem this coming year. More than ever that backs up the action of the subcommittee in doing what we have done. We have perhaps made more money available than they can ever use, but we want to be sure REA has enough.

Mr. JENNINGS. The gentleman is absolutely right about that. The question is to get these facilities.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to my chairman.

Mr. DIRKSEN. I want to say to the gentleman from Tennessee that the Secretary of Agriculture himself in a letter told the committee that in all probability it will be as much as 20 months before they can get these transformers.

Mr. JENNINGS. There is not a bit of doubt about that.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DIRKSEN. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. H. CARL ANDERSEN. May I continue with my speech, from which I have digressed to answer these inquiries about REA?

The one great problem, as far as agriculture is concerned, is that of maintaining parity prices for our farm commodities. All other agricultural problems sink into insignificance in comparison with that of assuring a fair and equitable price for what the farmers produce. I believe that the majority of the farmers of America will agree with me—one of these farmers—that payments need not be made to them in order to make sure that our soil will be properly conserved. The average farmer is interested enough in his own farm and in his own soil to be willing to keep that soil up by the application of proper fertilizers, provided he receives sufficient money from the sale of his commodities to be able to do so. I am also satisfied that the majority of the farmers of the Nation resent the criticism leveled at agriculture in general at the acceptance of any subsidy whatsoever. We have been forced at times in the past to come to the Treasury for a portion of a fair price for our products which we should have received in the market. Triple A payments, as made the past few years, are vastly different from what were known formerly as parity payments, which were made to the farmers of this Nation for the purpose of assuring to them at least 90 percent of parity for what they had to sell. The so-called triple A payments, in my opinion, do not come within this same category, and I, as one of the recipients of these payments, believe that our Treasury needs this money today more than does the farmer. In line with this belief, I personally made the motion in subcommittee, which was adopted, to allot only \$150,000,000 to triple A for 1947 payments instead of the \$267,000,000 provided in the budget request. Further action by the subcommittee provides that there will be no triple A payments in 1948, and for the

first time in many years our farmers will be strictly on their own.

I am disappointed, however, in the fact that the subcommittee and the full committee have seen fit to allow only \$15,000,000 for the total of administrative expenses with which to take care of the National, State, county, and township operation of the entire triple-A structure. We need and must have the triple A county and township committees, through which to take care of our sealing programs, and we will not be able to do that with a \$15,000,000 appropriation. Let us keep in mind at this point that the national and State expenses for this work in 1947 were \$8,871,868, while the expenses of the county associations were \$20,039,088, a total of \$28,910,956. In the proposal to limit this year the expenses of the entire triple-A structure to \$15,000,000, we find that of this amount \$1,950,000 is permitted to be expended for national and State expenses, while \$13,050,000 is allowed the county associations. I do not quarrel with the decrease in expenditure in the national and State set-up, but I do feel that it is practically the beginning of the end for the triple A county and township committee set-up, when we propose to give them nearly \$7,000,000 less than they had available in 1947.

Please keep in mind that there is practically the same amount of work involved in making out the proper forms and writing a check to Jim Jones whether he receives \$150 for his portion or whether that portion is approximately \$90. The same computations are necessary, and I sincerely hope that the House will see fit to adopt an amendment restoring the \$7,000,000 for this purpose.

The average farmer throughout the Nation knows just how badly we may need the county and township committees in the future to take care of our price-support programs as the various emergencies arise, and I feel sure that this same average farmer will agree with me that it would be far better to take an additional \$7,000,000 allotted for individual payments to farmers and give this additional \$7,000,000 to the county and township committees instead with which to do a good job. Unless these committees are available when needed, chaos can easily enter the agricultural picture and cost the Nation many times over the amount needed to keep these committees functioning.

Mr. Chairman, it is my intention when we come to the proper paragraph of this bill to offer again a similar amendment to that which was defeated in the full committee only by a tie vote of 16 to 16. If there is any item in this bill in which I personally feel that our committee is in error, it is in this reduction of the administrative expenses for the triple A committee structure. Let us keep these committees, even at the expense of whittling down the payments to the farmer.

Mr. Chairman, it would require too much time to discuss the several changes that could be made in this bill. The gentleman from California [Mr. PHILLIPS] and I both feel that there is too much of what we might term departmental personnel left in this measure. In accord-

ance with that belief, I personally had inserted in the report supplementary views as follows:

I have concurred in the majority report with the following reservations:

A major portion of the cuts effected have been obtained through the reduction in appropriations for AAA, the school-lunch program, and the Farm Home Administration, together with reductions of a lesser degree in REA, Research, Forestry, and other branches.

I do not feel that proportionate cuts in personnel throughout the Department of Agriculture have been made consistent with those above mentioned.

It is my intention to offer on the floor, after careful study, certain amendments designed to secure the balance which is desirable.

May I point out that the American Farm Bureau Federation has issued a letter today in which it backs me up in this opinion that the cuts in personnel have not been deep enough. Let us glance at one or two for example.

The immediate office of the Secretary has been allotted by the committee \$18,350 more than it had available in the year 1947. It does seem to me that it should not be necessary for the Secretary's immediate office to expend \$2,137,560, and it is my intention later to offer an amendment which would reduce this to somewhat in line with the other cuts which have been made in this bill upon the farmers of the Nation.

May we also glance at the Office of the Solicitor, which has been allocated in this bill \$2,561,000, a decrease of only \$54,000 under that available in 1947. When we consider, Mr. Chairman, the vast lessening of the various programs in the Department through this bill, it would seem that the work of the Office of the Solicitor would also become greatly lessened, and there is no reason in my opinion for an appropriation to the Solicitor's Office of more than \$2,000,000. This cut of \$561,000, which I propose to offer as an amendment, will do much toward leveling off the cuts as they should be in the Department of Agriculture.

I might state that my good friend, the chairman of the subcommittee [Mr. DIRKSEN], suggested at least inferentially that a 20-percent reduction in personnel in the Office of the Secretary might well be made. This suggestion as to a 20-percent reduction in personnel throughout the Department of Agriculture has been advocated by the American Farm Bureau Federation, and I believe that that recommendation is very sound.

We have noted the past few days in the press of the Nation, declarations of the sighs of relief that obtained in the Department of Agriculture at the smallness of the cuts in personnel. Too much of the economy in this bill is at the expense of others than the employees of the Department of Agriculture. We see evidence throughout the bill, as we do in every appropriation measure, that hundreds upon hundreds of personnel have been upgraded 1, 2, and 3 positions, until we have arrived at the point where we have all corporals, sergeants, lieutenants and others, with practically no privates to do the work. That should be changed.

In conclusion, may I express the hope that the House will seriously consider the

various amendments that will be offered in order that we might secure a better balanced bill. The farmers of America are willing to do their part in accepting these slashes as made and which we were compelled to make in the interest of economy. Is it asking too much, Mr. Chairman, that the governmental employees in this vast bureaucratic structure known as the Department of Agriculture shall take a similar reduction in behalf of a firm, stable economy in this great United States of America.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS. Mr. Chairman, it is an easy role, of course, to appear as a critic and I hope while I shall differ vigorously with the committee in some of its findings that some of the more constructive aspects of what I say will not be overlooked, for I realize the committee has had a difficult job and the fact that some of us entertain strong views of disagreement does not mean that we are lacking in appreciation of the hard work that the committee has done. Mr. Chairman, I wish to speak primarily of the work of the Farmers Home Administration. I do this not to exalt the activities of the administrative group any more than the contribution which the Congress has made in the fundamental law pertaining to the farm tenancy program.

I want to talk about the little farmer, I want to talk about the veterans, and I want to be entirely fair with those who have seen fit by committee action to reduce the appropriations for the little farmer and for the veteran who is a little farmer. I am sure that no Member of this House means to be unfair to the veteran, and sometimes, unconsciously perhaps, we hit below the belt as we plead for the veteran. I would like to disclaim that, and as I have said in other debates in the House, I realize that the veterans' interests are tied to other interests. If he is a farmer, to the interest of the agricultural population in general. If he is a part of the business community, his interests are tied generally to those of the business community. I am aware of that. But here in FHA is a specific program that is being channeled for the farm youth who went to war and came back seeking an opportunity to reestablish himself on the land.

Here is a program that is being greatly jeopardized by the action of the committee in cutting out all of the appropriations for the tenant-purchase program, reducing the administrative fund for the Farmers Home Corporation from \$25,000,000 to \$18,000,000, and reducing the rehabilitation loans and emergency crop loans, as we used to call them—they have been combined—from \$90,000,000 to \$60,000,000. It simply cannot be justified if I properly interpret the testimony of the agency officials and the comments that were made by the members of the committee as they heard Mr. Dillard Lassiter and his associates.

Let us go back briefly to the history of the Farmers Home Administration.

Every man who knows Marvin Jones respects him. I think that one of the finest monuments to any legislator is the Bankhead-Jones Farm Tenant Act, and it is proving itself. I am speaking now of the tenant purchase program. It is necessary to distinguish between the two phases of the Farmers Home Administration program, the rehabilitation loans and the tenant purchase loans or the ownership program.

Speaking now of the tenant purchase program I must pay tribute to our former Member, Marvin Jones, who insisted, when the legislation was being evolved, upon two things: One was that it be anchored to the locality; that a county committee be designated to pass upon the soundness of the loans, and his wisdom in that respect has been amply demonstrated. One reason that the program is working out is that a committee of farmers acquainted with land values has passed upon the soundness of every loan. The second is the standard of personal experience and fitness. The applicant as well as the land must pass muster.

Our Government, in inaugurating the farm tenancy program, had few examples in other countries to help us. There was one pattern, and that was in Denmark, where in one generation the tenancy ratio went down from 90 percent to less than 10 percent, but the Danes had a rather restricted experience. They were engaged largely in dairying, and we have in addition to our great dairy industry, of course, many other types to be considered. But we paralleled Denmark's policy of liberal credit for the purchase of farms so that increasing numbers of American farmers might be able to say, "This is my own vine and fig tree," and as the prophet said, "There shall be none to make him afraid." So the law prescribed that loans should be for 40 years, for 100 percent of the value, and at 3-percent interest.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. I would like to make this observation, that while we are making these reductions under this appropriation act, the Taft-Ellender-Wagner bill over in the other body has been under consideration which provided in section 10 an appropriation of \$25,000,000 for rural housing for the first year of its operation. I understand that that bill will not come up on the floor and that we will not have an increase of appropriations to carry out a rural housing program.

Mr. HAYS. I am glad to have the gentleman's comment. Incidentally, speaking of the housing program, it is true—and this is not a partisan statement since it involves a program begun by a Democratic administration—but it is true that over a period of years there has been more spent in Federal funds, for housing in single cities than in rural housing in the whole United States, and yet if this appropriation measure stands unamended, you are going to strike out of the bill something that is proving its soundness, without any doubt, and the figures are in



this record submitted by the Farmers Home Administration.

Let me get back to the figures. I refer to the tenancy program. What happened? You have loaned under the Bankhead-Jones Act the sum of \$282,000,000, with only a \$50,000 loss. Now, you cannot find anywhere in the governmental enterprise of noncommercial credit anything that is comparable to that, and yet you propose to strike it out.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to my friend from Wisconsin.

Mr. MURRAY of Wisconsin. Is it not also true that those in the low-income groups in the cities received subsidies that were many, many times greater than the subsidies that were paid to these farmers?

Mr. HAYS. Exactly.

Mr. MURRAY of Wisconsin. Extending over many years.

Mr. HAYS. Right. There is no element of subsidy here. These men have gone out on the land and by hard work have proved their right to a stake in it, and they are making good. No one is going to stand on this floor and question this basic conclusion, and I submit that we ought not to interrupt this program. It has vast economic and social implications. I just cannot believe that the committee intends to interrupt it permanently. Then why lose this valuable time? I believe my friend from Illinois [Mr. DIRKSEN] thinks well of the record. I believe that he is proud of the Bankhead-Jones program. It undertakes to reduce the frightening percentage of farm tenancy in this country so that we can get it well below the 50-percent mark, where it was once, to a proper percentage throughout America.

I am not making any sweeping claims for farm ownership. I realize that in a country with diversified interests there will be an element of tenancy, that in some situations the renter relationship is wholesome and economically sound. It is not that I expect all farms to be owner-operated. I realize it cannot be done. I am saying—and this justifies my allusion to the early history of the Bankhead-Jones Act—that it was a dangerous situation that called for the enactment of this law, and I do not want us to take a backward step.

Now about the veteran. These young farmers have come back, a million of them. A survey of the Army at one time showed 650,000 of them, when they were asked, "What do you want when the war is over in the way of an economic opportunity?" saying, "A chance on the land."

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. CANNON. Mr. Chairman, I yield five additional minutes to the gentleman from Arkansas.

Mr. HAYS. These young men came back, some of them 4-H Club graduates, some of them agricultural students. We are spending now under the GI bill of rights millions of dollars to equip them through vocational training for farming pursuits, yet we would say by

this action that they are not to have the credit that is necessary to enable them to utilize to a maximum degree the capabilities developed by the GI program.

We are not stopping the GI loans for the city veteran. I regret to make this reference, but we are going right ahead with business loans. If the veteran wants a radio shop he gets a loan, and if he wants to finance a new business he gets a loan, but the committee says that he cannot have a farm, not now, under this beneficent program.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield further?

Mr. HAYS. I yield.

Mr. MURRAY of Wisconsin. Possibly the only thing we have to offer in that connection is the Cunningham bill, that has been in the hopper for several weeks now. I do not remember all its provisions, but as I recall, it conforms to the Bankhead-Jones provisions. It applies only to veterans, if I remember correctly.

Mr. HAYS. Yes; I thank the gentleman for his contribution. He has helped me very much by these references. But no law will help if appropriations are withheld.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. JONES of Alabama. A study of rural-population indexes shows that today the per capita acreage is increasing, that is, the large farm is getting larger as time goes on, and we are not making proper inducements to the small-farm operator.

Mr. HAYS. Yes; I am glad to have that pointed out. That undoubtedly is the trend.

I anticipate that the committee will say that they do not want to encourage land inflation. That is in the report. I recognize that danger. I agree that we would be unfair to some applicants to say, "Here is a loan, buy the farm." I realize that. Certainly we ought to give every encouragement to the measures that are being advanced for stopping the spiral in land prices. But the records show that the Farmers Home Administration has avoided that misfortune. There has been an increase in their loans of only \$13 a farm. They are handling the problem in a very effective way, by cutting out every element of speculation, and by full use of their facilities for land appraisals.

The War Assets Administration will ultimately release 3,000,000 acres of agricultural lands as surplus war property. Much of this land should be sold to eligible farm veterans. We should not deprive them of adequate credit facilities. There are other sources of farm land and under the tenant-purchase program it can be made available at terms which assure success.

The FHA's success has attracted the veterans who wish to engage in farming. On April 30, 41,000 of them had applications on file. To meet this situation nonveteran loans were suspended in 26 States. The agency has had a larger volume of applications for operating loans, approximately 150,000 this year,

48,000 from veterans. If the appropriation is not increased, virtually no additional production loans can be processed.

Now, I believe that the Members give the Administrator, Mr. Lasseter, credit for a good performance. He is following legislative policy closely in one of the most difficult jobs in the Department of Agriculture.

The Congress should not handicap the agency in its vital function. I, therefore, hope the appropriations can be restored, as contemplated by the Bankhead-Jones Act and the Cooley Act.

Mr. CANNON. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. WINSTEAD].

Mr. WINSTEAD. Mr. Chairman, the action of the subcommittee in this bill is deplorable. They have broken faith with the American farmer. I realize that reductions must be made in expenditures. Many millions of dollars have been cut off appropriations this year, and I have subscribed to most of them. I feel that cuts were in order in the Agriculture Department, because certainly there are duplications which exist throughout the Department. A careful review of this bill, however, discloses that the cuts are made in funds and there are no requirements that the reductions be applied to eliminate duplications. In fact I find nothing that would prevent the Department from keeping the high-priced administrative and supervisory personnel and applying the cuts to the jobs of those in the local and county levels, which actually render the service. In other words, Mr. Chairman, the cuts in this bill are cuts in services to the farmer and not cuts in cost of service. In several regards this bill absolutely breaks faith with the American farmers.

During the war the President, the Congress, and the Secretary of Agriculture urged the American farmer to plant every available acre to increase the food supplies of not only the United States but of other countries of the world. The American farmer heeded that call and has planted many acres which, under good farm practices, would have been better had they not been planted. In so doing the natural resources have been depleted. Recognizing that situation, the Congress for some years past has provided for soil-conservation payments. Thus payments are not, as some describe, outright payments to the farmers or gifts from his Government, but they are made if the farmer himself will spend for each dollar of Federal payment \$2 out of his own pocket for the protection of the fertility of the soil. In other words, if the farmer spends \$3 out of his own pocket to protect this land, the Federal Government has paid \$1 on the basis that the Federal Government, and those to come after us, have an interest in this great natural resource—our soil.

I believe this is a good program but whether it is a good program or not, insofar as this appropriation bill is concerned, we made an outright commitment to the American farmer last year when this bill was brought up because Judge Tarver, of Georgia, offered an amendment which fixed this program at \$300,000,000 for this calendar year,

funds for which must be included in this bill. Judge Tarver at that time was chairman of this committee. He stated that he was offering the amendment so that it could not be misunderstood or so there would be no mistake in the matter. The Secretary of Agriculture announced such program after the bill of last year became the law. The various AAA offices of the States, of the counties and communities announced programs based on such figures. Action has already been taken. The programs have been acted upon, the farmers have done their part, and now when this committee reduces such appropriation almost in half it is breaking a commitment which has been entered into and on which the American farmers have relied. Mr. Chairman, although I did not share in the opinion, I recall in recent weeks when Members of the Congress, including those on the Republican side of the aisle, advocated supplying to Russia certain lend-lease materials and certain industrial plants, even though Russia had failed in many instances to carry out her agreements, all because they contended we had made a commitment. But here today we find many of that same crowd recommending that we break our commitment to the American farmer, who has fulfilled his agreement 100 percent.

I believe that this type of program should be greatly reduced. The demands for food and for working every available acre, it is to be hoped, will let up in the next few years. This program should be tapered off, farmers will learn the value of protecting the soil themselves and have done so, but certainly insofar as this year is concerned we are obligated to carry out our commitment.

A study of this bill shows that the administrative expenses of the REA have been reduced approximately one-third. We all know that through the war practically no expansion of this system was made. The war effort required so many of the materials that all of us in Congress have had to write many letters advising that materials and equipment were unavailable to provide such extensions. Each time I had to write such a letter I realized it was deplorable that this was the condition, because I know, Mr. Chairman, that nothing could be more helpful to farm life and farm people than to see that electricity is available in the home and about the farm. Now that the war is over and plans are being made to expand the REA lines, now that the local directors would have the opportunity to expand their systems and carry this splendid service to thousands of other farmers, we find this committee, or the majority of this committee, coming in with the report which will seriously cripple the operations of the REA. We all know that when an application is made from a local REA it must be processed by the National Administration. We know that the office here must supply engineering advice and must help in securing supplies. We are almost altogether dependent upon the REA office to see to it that the new lines are placed on an area basis so that in the future still additional lines may be extended so that eventually all farms may have the

benefit of cheap electricity. Certainly, the Republican members of this committee are going to have the responsibility for keeping thousands of these farm homes from having electricity, but it is still more important these farm families living in those homes will not have the benefit of this great program to make their lot a little easier, their lives a little brighter. I believe that by all means this committee today should adopt an amendment replacing this administrative fund so that the Rural Electrification Administration can put on full steam and expand this system just as rapidly as possible.

Also, I notice from this bill that the Republican members of the committee have provided for the repeal of section 32 funds. These section 32 funds are made available under the act of 1935 as amended, wherein 30 percent of the customs revenue from competitive agricultural products brought into this country shall be set aside for the use of the Department of Agriculture to assist in the support of American grown agricultural products and in their utilization. Over the last 10-year period these funds, which under the basic law belong to Agriculture, have served to bale out the wheat farmer, the poultry farmer, the fruit grower, the corn farmer and the cotton farmer. To take away these funds now is in effect to repeal one of the great substantive laws which has kept agriculture on an even basis with other industries. I certainly hope that this House will review the action of the majority of this committee and strike out this effort to repeal section 32 of the Agricultural Adjustment Act.

This report also strikes out all tenant purchase loans, all land purchases under the Farmers Home Administration. This organization has outstanding over \$800,000,000 in loans now, and administrative funds are reduced to the extent that it is my information that the losses may run as high as \$50,000,000 for lack of provision under the bill to handle outstanding loans. The entire land purchase program is stricken from the bill. This means that the veterans, 35,000 of them, whose applications are now being processed will have no opportunity for a year at least to become home owners, yet funds were made available and other citizens were permitted to buy through the years that these boys were in the service and now that they are back and want to buy, this committee says no funds shall be made available.

This bill fails in another particular, Mr. Chairman. We all recall that just a few years ago we were burdened with great surpluses of agricultural products. While today practically everything that is grown can be utilized either here or abroad, in just a few years we know that surpluses will again trouble us. We will have too much corn, too much wheat, too much cotton, and the Commodity Credit Corporation Act provides that the Federal Government guarantees either to purchase or to lend up to 90 percent of parity on such products. Thus we can easily see that it is highly desirable that every effort be made to fully utilize these surpluses in agriculture products, because to utilize them will be to prevent

the Federal Government from having to purchase or lend money on them and in the long run will be cheaper.

We know the value of research, we have seen it in hybrid corn, we have seen it in the improved cotton seed, and in practically every phase of agriculture. Under the Hope-Flanagan bill, providing for research and utilization and marketing of agricultural products, \$19,000,000 was provided for the next fiscal year. Yet this committee, after first refusing to make any appropriation, has recommended only \$6,000,000. It is my judgment that this sum should be increased to at least \$9,500,000 because each dollar spent in research and utilization of agricultural products will probably save many times that much in causing such products to be used the coming year and in keeping it out of the category of surplus.

Mr. Chairman, I have attempted to point out wherein this bill is very destructive. As I stated at the outset, one of the greatest disappointments in this bill is in the fact that it does not cut out duplications and does not require the reduction in personnel in the national and district offices as it should. I am sure that the Department will reduce personnel due to the fact that funds are simply not available, but there is nothing in the bill which will prevent the Department from applying the cuts in the field and to the employee at the local level who actually renders the service to the farmers, and retain the high-priced supervisory personnel. No, Mr. Chairman, I am not opposed to reductions in appropriation, but I think they should be applied in the right place and in such way as to cut out duplication. The American farmer is not receiving too much service. The cost of the service that he does get is too great and it is there that these reductions should have been made. I think that one little thing in this bill will indicate what the Republican majority has had in mind. The Secretary of Agriculture is getting a new limousine, but the American farmer is getting 50 percent reduction in service in the payments which he has earned under an outright contract between his Government and himself. The Republicans have a majority of the votes in the Congress, but certainly they will make a serious mistake not to accept the amendments which will be offered by our party to correct the tragic provisions of this bill, which I have pointed out. A more patriotic, hard-working group than the American farmer does not exist. Certainly, I for one expect to keep faith with him.

Mr. CANNON. Mr. Chairman, I yield 15 minutes to the gentleman from Louisiana [Mr. ALLEN].

Mr. ALLEN of Louisiana. Mr. Chairman, most of us from agricultural districts are greatly disappointed in this bill. I think every Member of the House who represents an agricultural district knows that.

Our farmers have probably reached the most stable basis in American agriculture. We have made great progress. We have made progress when it comes to conserving our soil. We have made progress in improving our pastures. We



have made progress in greater yields per acre. We are rotating crops, terracing lands, conserving soils, reforesting marginal lands, dredging low lands, and making the greatest progress in our history. I think it can be said without any fear of successful contradiction that American agriculture now is upon the firmest foundation in American history. But along comes this bill. I do not want any mistake made about it. I have never indulged in partisan policies on this floor, but I want the farmers to know and I want the country to know that this is a Republican bill. It is the product of Republican brains, and I think that some of our friends on the left who can now take full credit for it, should pause to think. The farmers are going to know what political party is responsible for this bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield at that point?

Mr. ALLEN of Louisiana. I yield briefly.

Mr. GROSS. It may be a Republican bill or any other bill, but I am going to support it because it is going to save thousands of GI's from going into bankruptcy, due to the reckless loaning of money to the GI's by a Government that is just a do-good outfit.

Mr. ALLEN of Louisiana. Mr. Chairman, I did not yield for a speech. I have the gentleman's statement and I am not surprised at his going along with his Republican leaders in supporting this bill to cut the American farmers. The gentleman usually goes along with his party.

Mr. Chairman, I do not have time to discuss everything in the bill that I would like to discuss, but there are some cuts in the bill that are so hurtful, some cuts in this bill that stick out like a sore thumb, that I am constrained to devote my short time to those matters.

Of course, the bill as a whole, if we might use Shakespeare's language, "is the most unkindest cut of all." I do not know of a single agency in the Federal Government that has suffered so much at the hands of this Republican-controlled Congress as the Department of Agriculture. I know of no group that has suffered so much and will suffer so greatly as the man between the plow handles, as the result of this bill. Why should this happen to the farmers? As one who was born and reared on a farm and who now lives on a farm, I protest the treatment of the farmer by the Republican leadership in this Congress.

Mr. Chairman, under the question of soil conservation, they have cut the item for soil conservation research—that is something that every man who is interested in the United States should be interested in, every man in the city ought to be interested in, planning to make this country greater, agriculturally speaking—and to do that we ought not cut out the very vital element of research. We must have knowledge. It is the foundation of our great agricultural progress. Our new knowledge has contributed to the bountiful crops we now have—great crops—great yields—national agricultural security. Yet this great subcommittee in the Eightieth

Congress has seen fit to cut this item, not by 10 percent or 20 percent or 30 percent, but by 52 percent.

I have read the report. I know the philosophy under which the committee, or perhaps I should say the distinguished chairman, the affable gentleman from Illinois cut this item. But I disagree with the committee and with the chairman in this. We must continue to have research and experimentation for our farmers just as we have in other phases of vital American life. This cut of 52 percent is too deep, to say the least.

In the Conservation Service, in the Soil Conservation Service, they have made a cut of 12½ percent, but that cut is based upon the number of soil-conservation districts we had last year. If you consider the number of districts, 1,838, which we had at the time of the writing of the bill last year, it is a cut of 12½ percent, but we have 200 more districts now and the districts are now increasing at the rate of about 20 a month. I am informed that if you take into consideration the districts as they now stand the cut is about 22 percent. That means a lack of personnel out in the field. I believe in economy, but if you are going to cut out the man who goes out to the farm to help the farmer, goes out and helps the one-gallus farmers, what can you expect in this country? The field personnel help in many farm programs and this cut means less help for the farmer. I do not like that cut.

Mr. Chairman, I wish now to talk very briefly about another cut in this bill which is very bad. In 1946 when the distinguished gentleman from Georgia, Mr. Tarver, took this floor and offered his amendment to fix the triple A payments or soil conservation payments at \$300,000,000, it was adopted in this House overwhelmingly. The gentleman from Georgia then, as is revealed by the record, put the House on notice that it was establishing a precedent, that it was establishing a fixed sum and he warned the House that if they did not want to do that then was the time to vote against it.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Louisiana. I yield.

Mr. ABERNETHY. It goes even further. It goes so far as to fix it by statutory law. It becomes law.

Mr. ALLEN of Louisiana. That is just what I am getting to.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Louisiana. Very briefly.

Mr. GORE. And when the Congress took that action it made a commitment with the farmers of the country. Following that action the programs have been signed, the farmers have entered into the operation of the program, yet now we are breaking faith, we are renegeing on that contract.

Mr. ALLEN of Louisiana. I thank the gentleman. That is what I was just coming to.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Louisiana. No; my time is short; I yielded to the gentleman once, and I ask him please to let me continue with my remarks.

At that time Mr. Tarver, in presenting his amendment, said this:

Mr. Chairman, I am presenting for the consideration of the Committee of the Whole the question to which I made reference a few moments ago; that is, whether or not you are going to authorize for the crop year 1947 program \$300,000,000. I am presenting it in language which is so definite in character as to admit of no misconstruction. It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure.

But if you want to fix it definitely and in such form as to enable the farmers of the country to rely upon it implicitly so that even the Bureau of the Budget cannot disregard it, then adopt the amendment which I have offered.

Mr. Chairman, that is what the gentleman from Georgia said in submitting the amendment and it is written into the act. We Democrats consider this a solemn obligation of the Government of the United States. Acting upon that, allocations were made to the various States. An allocation was made to the State of Louisiana and all others and that allocation, that money, in the various States has already been largely allocated and taken up in effect in the numerous States. In the State of Louisiana on April 30 there had been allocated of its allotment 69 percent.

What are we going to do? Along comes this committee, speaking for the Republican Party in the Eightieth Congress, and says, "We know in effect that the Congress did that, but one Congress cannot bind another Congress." There is no disputing the fact that one Congress cannot bind another Congress, but, Mr. Chairman, one Congress can write a solemn commitment and we on this side of the aisle take the view that this was a commitment and we want and urge this Congress to live up to it.

Mr. Chairman, what are we going to do? What is the American farmer going to expect in the future? What can the American farmer rely on? The Republican leadership has gone back on this 1946 amendment and declines to give the American farmer this fund which we think the last Congress practically committed. We take the position that this is an obligation, a commitment.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. CANNON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Louisiana. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. The gentleman realizes, of course, that in each and every contract signed up this spring there is a clause that the carrying out of the contract by the Government depends upon the action of the Congress in making the funds available?

Mr. ALLEN of Louisiana. Every farmer, I will say to the gentleman from Minnesota, knows that all these payments depend upon the money being appropriated by the Congress of the United

States; but every farmer expects the Congress of the United States to live up to its commitments, even if the Republicans are running Congress. Do not forget that there are Republican farmers relying on this also, and if this money is not made available to them they should know who is doing it to them.

Mr. Chairman, I wish I had time to go ahead and discuss briefly other things. The school-lunch program has been cut from \$75,000,000 to \$45,000,000. That goes into the stomachs of the poor children out in the country. You have seen fit to cut it. Oh, yes, you can vote to send things to Europe, but some of you cannot vote to fill the stomachs of the poor hungry child. I hope you will vote to correct this situation and provide funds for these school lunches.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Louisiana. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. There were recorded here the other day only 86 votes against sending \$350,000,000 more to Europe.

Mr. ALLEN of Louisiana. That is right, and most of the gentlemen on the right and the left voted for it.

Now, I want to discuss something else here very briefly in conclusion, and that is section 32 funds. More than 10 years ago this Congress went on record and arranged through our imports to get a certain fund. Everybody in this House knows about it. That fund was also solemnly dedicated, but we have seen the spectacle in this House in the good year of 1947 that this august body voted in effect a few minutes ago and probably will vote again later, because you have the votes to do it with and we recognize that, to take section 32 funds from the farmer entirely. We recognize the fact that the Republican steam roller is rolling along smoothly and it will probably roll along smoothly on this bill. But, you have seen fit to cut that fund out. You have seen fit to take that fund from the great American farmer, and you have got the votes to do it with. Gentlemen, that is the farmer's money. That is a sort of sacred fund. That fund has a solemn dedication, and we have throughout the years recognized that. The Democratic Congresses never wavered from the commitments of 1935, but here in this good time of 1947 it is being snatched away, ruthlessly taken away from the American farmers. I do not think that our farmers are going to like that. Even Republican farmers are not going to like that.

I do not think, Mr. Chairman, that the farmer who gets up before daylight and works into the night, I do not think that the young men coming back from the armed services who helped to win this war and who are going back to the farms and who have to work early and late as I did back there, I do not think that they are going to like it and I plead with you not to do this. The late Senator Borah, a great Republican, I understand offered the amendment for the section 32 funds, and yet in 1947 under the leadership of his party, the great work of Borah is stricken down.

I plead that we may forget partisanship and stand by our farmers, North, South,

East, and West. This is a national problem. Agriculture must be sustained. Let us vote on both sides of the aisle to restore these funds to the American farmer.

I appeal to this House to rectify this great injustice to producing America.

Mr. CANNON. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I do not think it can be successfully disputed that the Federal Government has wasted billions of dollars in the past 10 to 15 years. It cannot be disputed that a great deal of money has been spent unnecessarily. It is certainly time that this Government should about face and economize wherever possible, in order that the heavy tax burden now being borne by the American people be reduced, and in order that the tremendous public debt of approximately \$260,000,000 be reduced as rapidly as possible.

I expect to cooperate with economy-minded Representatives in Congress, to that end, whether they be Democrats or Republicans. I firmly believe that governmental expenditures should be sharply curtailed, that taxes should be reduced as rapidly as possible, and that the public debt should be reduced as rapidly as possible.

I do not believe, however, that this appropriation bill which we are considering today should pass as it has been reported out by the Appropriations Committee. Before we vote on this very important measure, I want to call to the attention of the committee and of the House, that, at the present rate of soil erosion, about one hundred and seven million acres, or approximately 25 percent of our farm land, is deteriorating rapidly. That is to say, the fertility of our soil and the top soil itself, is being depleted by the growth of soil-depleting crops and by erosion caused by rainfall and dust storms. The experts who make it their business to know the facts concerning soil depletion and soil erosion state that unless this approximately one-fourth of our cropland is treated within the next 13 years—by 1960—it will be irreparably damaged, and that it will be too late to take remedial steps after 1960 for this one-fourth portion of our cropland.

In addition to that, there is another portion of our cropland which is rapidly eroding. More than 110,000,000 acres of our cropland is eroding in such a serious way that its productive capacity will be permanently impaired unless that acreage is treated within 23 years from this time—by 1970.

In the first part of April this year, because of the fact that I realized that the preservation of our top soil and our productive cropland is of vital importance to all of us, I asked the Legislative Reference Service of the Library of Congress to give me a report of croplands which would show the rate per annum at which our soil resources are being depleted, and which would show whether the rate of depletion is decreasing or increasing, comparing the present-day rate with the rate 10 years ago, and 25 years ago. On May 1, 1947, I was furnished this re-

port. It shows that the rate of depletion by erosion on unprotected land is increasing with every year of use. It shows on conservation-protected land an entirely different situation; that is, that on conservation-protected land, the rate of depletion is decreasing rapidly, and there is little, if any, loss of soil from such land for such time as the protection is maintained. This report shows, however, that approximately 90 percent of the farm land which is subject to erosion is still without adequate protection.

For the country as a whole, then, the total depletion is reduced as the acreage of completely treated land is increased. This report shows that the rate of erosion is increasing, but the area in which erosion is taking place is being reduced as the conservation treatment progresses. This reduction of area in which erosion is taking place has been due in large measure to the soil-conservation program of the Agriculture Department of our Government.

The report which I mentioned above gives the further important information that about 500,000 acres of former cropland is being ruined each year as the result of erosion, and is rendered useless for any further practical cultivation. Surely these facts are sufficient to impress thinking people with the fact that a continuation of the conservation program of our Department of Agriculture is very necessary.

I believe that this report, which was furnished me by the Legislative Reference Service of the Library of Congress, is conservative. I believe that it is reliable. I do not believe that it is exaggerated. I asked for it so that I might have the facts to make up my own mind when the question of continuing this soil conservation program came up in the House. The financing of this soil conservation program, in my opinion, is an instance of money well spent by the Government.

In the time allotted to me, I cannot, of course, begin to cover the many items contained in this appropriation bill. There is one other item, however, which I wish to discuss more or less briefly. That is the school-lunch program.

Again I wish to state that I expect to cooperate with all those who want to run the Government economically. But if an item is appropriate for Government financing, why not finance it adequately? This is not an issue that ought to be straddled. Either the school-lunch program is a good program or it is a bad program.

The Appropriations Committee, by their action in setting up \$45,000,000 for the school-lunch program, has endorsed it, and given it the committee's approval. Forty-five million dollars, however, is not enough to finance the program for the coming school year. Seventy-five million dollars is the amount needed. Even with \$75,000,000 appropriated for the school year which ends June 30, 1947, we still lacked \$6,000,000 of completely financing the program for this current school year. It was necessary to go through a battle on the floor of the House on April 1 to get this additional \$6,000,000 to carry the program through the school year. If we



are going to finance the program, why not finance it at one time and eliminate all the hurly-burly and scurrying around and fighting on the floor of the House between those who favor the program and those who oppose it, as we had to do on April 1 to get this little deficiency balance?

How is it consistent to vote for forty-five million and refuse to vote for \$75,000,000?

I do not think it is necessary to reiterate and argue here that this school-lunch program means better health for school children through defeating malnutrition. There are many children throughout the United States who do not receive balanced meals at home, but who through the school-lunch program have been able to receive one complete, balanced meal per day. This means a great improvement in health. It means that the general health and well-being of the children have improved, and that the children actually make better grades when they receive this balanced lunch at school. The improvement in their physical condition will go with them throughout their entire lives.

In this connection, I cannot help remembering one of the first speeches I heard here when I became a Member of Congress in January. I well remember that on January 8, which was the third day the House held sessions at the present term, the gentleman from Illinois [Mr. DIRKSEN], chairman of the subcommittee which brought out the present bill, took the floor of the House and made quite a lengthy speech, calling the attention of the Members of the House to the very large proportion of young men examined for military service who were found unfit physically. He gave the actual figures and the percentages in every State in the Union and this can be found on page 186 of the CONGRESSIONAL RECORD under date of January 8, 1947. The percentage of young men rejected for military service because of physical unfitness ranged from 23.1 percent in Utah, which was the lowest, to 44.2 percent in South Carolina, which was the highest. In the gentleman's speech he pointed out that the principal causes for rejection were eye defects, defective teeth, defective feet, and heart ailments.

It is well known that a proper, balanced diet is a great contributing factor to good eyesight, good teeth, good bones, and robust physical development. On January 8 the gentleman from Illinois [Mr. DIRKSEN] was greatly concerned about the physical fitness of our young men for military service. We should be greatly concerned now about the physical fitness of our young people. It is of the utmost importance to our future security that our young men and young women should be strong, healthy, and physically fit. One of the cheapest and most effective ways in which we can assure this physical fitness is to provide them the proper food which they will get through this school-lunch program, which, in the long run, is money well spent and money well applied.

I especially call the attention of the committee in the House to the analysis of funds for the national school-lunch

program, as submitted by State educational agencies, which was placed in the CONGRESSIONAL RECORD on February 17, 1947, by Senator AIKEN. This table shows that the school-lunch program is welcomed throughout the United States, including the District of Columbia. The children of Illinois, the home State of the gentleman who is the chairman of the subcommittee reporting this appropriation bill out, have written letters to me asking me to support the school-lunch program. I have had similar requests from many sections of the United States. In this analysis of funds on page 1069 of the CONGRESSIONAL RECORD is given a complete tabulation of the amounts allotted to each State. It is something every Member should read and study.

How can we refuse to continue this program on an adequate basis, in the face of the fact that we are sending hundreds of millions of dollars all over the face of the earth, that we are subsidizing users of the mail by paying a part of their postage expense, that we are subsidizing ocean traffic, air traffic, and other items considered to be in the national interest?

I have heard it said by the chairman of the Appropriations Committee, the gentleman from New York, that the States have plenty of money and ought to finance this program themselves. On one occasion, at the very time this contention was being made by the gentleman from New York, a strike of school teachers was going on in the gentleman's own home State, which in itself indicates that the State was not financing its school program, and I presume because of lack of funds. Certainly they would not refuse to pay the teachers if they had the money. We cannot insist that money be taken from funds needed for school teachers' salaries and apply it to the financing of a school-lunch program. No one wants the school teachers to pay for the school-lunch program, which that would mean.

Mr. DIRKSEN. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS of California. Mr. Chairman, I have very great confidence in the farmers of America. It would seem that I have a greater confidence than the gentleman who preceded me, the distinguished gentleman from Louisiana.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. Does not the gentleman from California feel that the average farmer in America wants to do his share toward helping to balance the budget of this great Nation?

Mr. PHILLIPS of California. From the days of Cato when he spoke of the farm population as being the safest, the population most to be trusted, and the population less given to intrigue, I think we have found in every emergency, and especially in the history of this Nation, that the solution of that emergency and the strength to meet the emergency have come primarily from the rural areas of America.

Mr. H. CARL ANDERSEN. Does the gentleman feel that we on this subcommittee or we in Congress would be doing anybody, whether he be a veteran or a nonveteran, a favor by helping him to buy farm lands today which are inflated out of sight above their true value? It would simply mean that that particular man would go broke in a few years. I certainly cannot see where we have done anything but justice in eliminating entirely the farm-tenancy program for the present. We will restore these loans when land prices moderate in value.

Mr. PHILLIPS of California. Translated into the simple language of the gentleman from Minnesota there is no answer but "No." I agree. I do not think this House at any time desires to appropriate less money than is needed for the essential agricultural requirements of America, nor does it wish to appropriate any money which would be disadvantageous to the veterans, to the young men, or to the farmers.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Arkansas.

Mr. HAYS. My reading of the record did not reflect that there was any testimony offered to the committee to the effect that the Bankhead-Jones loans are adding at all to the inflationary influences in this country at the present time.

Mr. PHILLIPS of California. Will the gentleman permit me to answer that very briefly?

The evidence before the committee was that the prices of farms, such as those desired by the young men who would ask for a 100-percent loan, had risen to a point where a break in price or a recession was about to occur. There were in many areas of the United States definite evidences of people anxious to sell their farms, anxious to sell them under the terms of these 100-percent loans, because by that means Uncle Sam would be assuming the burden and they would be out from under, and would have loaded them upon the shoulders of the veterans before the recession went any further. That was very definitely before the committee and had, I think, the largest influence in removing that particular fund until this committee, and until the whole Congress, could see just what situation develops. I think the gentleman from Arkansas will agree with me that in the past this House has never been niggardly toward the veterans or toward the younger farmers under any of the acts passed by this House.

Mr. H. CARL ANDERSEN. The gentleman will recall the President's statement last week which had a great influence on the subcommittee in revising their estimates on this particular item.

Mr. PHILLIPS of California. The gentleman from Arkansas is familiar with that statement by the President of the United States that we are in a dangerous period for the purchase of farms, and that did influence the committee.

The gentleman from Minnesota [Mr. H. CARL ANDERSEN] and I as two members of the subcommittee which brought the bill to the floor and two of the members of that committee who represent districts

which are almost entirely agricultural, have added to the subcommittee report what might be called minority reports. They are not minority reports in the sense that we opposed the other members of the committee. They are additional views, in which both of us separately have said that in our opinion this bill is not cut as much as it could be. Remember that we speak for farmers, we speak for men and women who went to the polls in November and said that they wanted a balanced budget, and that they felt that if we are to support the entire world in a style to which that world hopes to become accustomed, it is better for all of us, including the farmers themselves, to do it with sound money and with a balanced budget.

We have here another one of the great rambling agencies of Government, with no deliberate desire to grow, but simply growing through the requests of the farmers of America, from a small agency to one which now covers acres of ground and employs 70,000 people.

So, I agree with the gentleman from Minnesota who has already spoken, that there are many places in this bill where further cuts could have been made.

It is not my desire to talk about the whole bill. I would like to pay my respects as the newest member of the Subcommittee on Agriculture to the chairman and to the other members who did a tremendously hard job. It is not easy to cut a bill. It is very easy to appropriate money. It is tremendously hard to cut a bill and to cut it especially in matters with which you are so closely associated as all of us were.

So I thought I would take one or two of the items that are in the bill and say a little about them and suggest what might have been behind the cuts, in my mind at least, and in my vote in the subcommittee.

The AAA appropriation, that is, the payments to the farmers for doing things which most of them would have gladly done without the payments, and which they would have to do if they are to continue to be successful farmers, is one of the items now which comes up for discussion. It is said that we cut a great deal of money from that appropriation. I point out now that the Bureau of the Budget wished to apply \$100,000,000 of section 32 funds to those payments, a transfer of funds with which the subcommittee was not entirely in favor. We actually took off that item about \$117,000,000.

It has already been pointed out, before I came on the floor, that these payments could be divided into groups of certain sizes. There was some 63 percent of the total in checks of \$60 or less; that is, the money total. They went, however, to only 22 percent of all the farmers who are receiving these payments. There was 17 percent in money total going to the farmers who received checks of from \$60 to \$100. There was, however, 19.31 percent, or less than 20 percent of the money, going to 60 percent of the farmers in checks of from \$100 up.

I ask you, Mr. Chairman, and anyone who knows the farming situation, if you do not agree with me that practically all

of these farmers would not only have made the same improvements or done the same work on their farms and that they would have done it without the payments from the Federal Government as quickly as they would have done it with the payments. I received a petition a year ago from one of my counties asking us to stop these payments, even though the signers were receiving them. I find it difficult to believe that the farmers themselves are doing the mourning which is heard upon the floor of this House today.

I wish to call the attention of the Members of the House to an actual contract, which I hold in my hand, sent to me by the man and woman, joint owners of a farm, for whom it was filled out and to whom it was sent. He sent it to me saying that he hoped this could be cut out and would I please do all that I could to see it is eliminated.

I want to call the attention of the House today to the words printed in very plain type on the front of this contract at a place where they could not possibly be missed, if a farmer even looked at it casually, in readable type, and not in the proverbial fine type on the back of the contract which we joke about in insurance contracts. This is what it says:

Payments under the 1947 agricultural conservation program are subject to the appropriation hereinafter made for this purpose by the Congress.

The committee decided that we could pay the people who would receive \$60 or less the full amount, those who would receive \$100 three-quarters of the payments, and those who would receive from \$100 to \$500 half the amount, and those who would receive over \$500 nothing at all, or up to a quarter of their amount. We certainly have fulfilled any obligation which might have been imposed, not by us but by the field representatives of the Department, for the smaller farmers of the United States who have been so emotionally spoken about today.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the distinguished gentleman from Georgia.

Mr. PACE. The gentleman has read the language that was carried in the agreement. Inasmuch as similar language has been carried there for many years, and the Congress has consistently in past years met its obligation and appropriated the funds, just exactly how far does the gentleman think that his farmer and my farmer should go regarding that as something that deterred him from engaging in the practice himself? I would like to get the gentleman's practical experience from his contact with the men in the field.

Mr. PHILLIPS of California. If we may leave it as a practical proposition, it becomes a very easy question to answer. It is still a fact, whether the farmer read it this year or 2 years ago. If the farmer received a check in previous years, there was no reason for him to believe the statement was not a fact in the contract which he read this year. The only question is, are we to pay, in my opinion, the farmers with the larger incomes, the farmers who would receive from \$100 up in checks—are we to pay

them in full or not? I have expressed my opinion that I believe those farmers themselves, if a questionnaire was sent to them, would in great majority say that they would support the report of this committee.

Mr. PACE. If you could pay only one or the other?

Mr. PHILLIPS of California. Yes, if you could pay only one or the other. Does the gentleman think that the money should be divided among all? In which case it would be about 50 percent for all.

Mr. PACE. Well, I feel very deeply that the Congress should fulfill its obligation that we made last year and appropriate the funds we promised for the program.

Mr. PHILLIPS of California. I thank the gentleman. I think, from all the farmers I have talked to, their reaction will be very favorable to an ending of the program, whether it comes abruptly in the middle of a payment season or whether we wait until the end and stop it then. I think most of the farmers will look upon it as a saving of \$117,000,000.

I wanted to speak about the Research Act, for which \$19,000,000 was asked and for which the committee appropriated \$6,000,000. I was a member of the Legislative Committee while this was going through. I went home and, you might say, campaigned on the platform that the two outstanding acts of the Seventy-ninth Congress were the passage of the Research Act and the passage of the Reorganization Act. I came back and to my very intense disappointment found that the Department of Agriculture was not setting up a merchandising research section or bureau under the terms of the act, but was setting up a sort of an adjunct to the Production Research Act.

This discussion appears in the hearings. I have carried it on with representatives of the Department ever since, including the Secretary recently. I have here the most recent chart handed me by the Secretary showing the set-up. I will say very briefly that any organization in the Department of Agriculture which attempts to set up this merchandising research service so clearly outlined in the bill and in the report, by putting production research head over here, balancing the production marketing administration head over here, then showing under him, as one of the four subheads, the assistant administrator for marketing who is intended to be the man referred to in the Legislative Research Act, thus putting him where he is inferior in organization position, and not balancing this position, that certainly was not intended by the Legislative Committee as I understood the act at the time I was a member. I think the subcommittee was very generous in giving \$6,000,000. I would have given \$4,250,000, which was half of the first year's amount and then said to the Department that they could come back if they set up the agency as we asked them to set it up. I have repeatedly said that \$19,000,000 would be a very small sum to pay for what the Legislative Committee wanted, but a very expensive sum to pay for what they are now getting in the present organization.



Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield to my distinguished friend the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I wish the gentleman would explain to the House the effect of this cut and whether or not in time under this cut we will have a correlation of all the experimental work? What I am trying to get at is the difference between experimental work and research work.

Mr. PHILLIPS of California. There is very close correlation between production and marketing and research on both sides, and there has to be. For that reason the setting up of a coordinating office is very good.

In the past 10 years we have had our appropriations for marketing research absorbed in production research, and it was the desire of the legislative committee, I am positive, to set up a marketing or merchandising research program which could stand on its own feet, be identified, and the expenditures identified and coordinated. I am sure the gentleman from Wisconsin will agree that production research would benefit the farmers of the country at a time when, using a very familiar expression, it is really later than we think. We must build up production, the delivery of the produced food, from the farm to the consumer, as we have built up ability in the United States to produce beyond all other nations.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DIRKSEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. PHILLIPS of California. I thank the gentleman very much. Let me proceed very briefly just to illustrate one of the little agencies in the Government which in my opinion has not been overly cut. We have a little office called the Office of Foreign Agricultural Relations. Back in the days when I myself spent quite a bit of time with some of these men in Germany and France, and in other countries, we were giving the agency about \$180,000 per year and it was very effective, it was a very good agency of the Department of Agriculture. The agency asked this year for \$738,000, and I can assure you that the job now done is in no way comparable to the job that was being done when they got \$180,000.

The committee only reduced that \$100,000, down to \$638,000. As it is now, reports come in from abroad from men who are not always trained in reporting. They are supposed to arrive on the first of the quarter, shall we say? They are much more apt not to arrive, or to arrive late. They go to the State Department. They are looked over by someone in the State Department to see if they are satisfactory from a departmental viewpoint. They then go to the Department of Agriculture to be looked over by the Bureau of which I am speaking. They go back to the State Department to be looked over by specialists for that particular country or part of the world. They go to another bureau to be corrected for English and syntax. When

that is all accomplished, they are so little like the original report they go back to the Bureau to see if they can be put into some workable form for the farmer. By the time they get to the farmer, they are matters of historic interest and not current reports such as we used to get from the agency when it received smaller appropriations. I am citing that as one agency which, in my opinion, has not been overly cut.

Finally, this matter of section 32 funds has been a matter of a great deal of discussion. I think there was some misunderstanding about it. There was on my part. There was also some misunderstanding about the funds before they came down from the Bureau of the Budget, because if you add up with your little adding machine you will find the Bureau of the Budget asked for \$100,000,000 out of those funds for the AAA; they asked for \$75,000,000 for school lunches; they expected to use \$900,000 for management of the marketing agreements; that adds up to more than \$145,000,000 or \$148,000,000 which might be available next year.

There was some question about uses of the fund. One hundred and seventy-five thousand dollars for teaching people to eat fish is hardly a proper claim against section 32 funds. In the last few days some technical information has reached me from people who are interested in this, which makes me believe that because of the perishable nature of some commodities and also the relationship which the gentleman from Georgia has pointed out between sections 22 and 32, there should be a correction made in this section of the bill, and I am confident, without taking any more of the Committee's time, that this can be properly worked out before the bill comes up tomorrow.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DIRKSEN. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. CHURCH].

Mr. CHURCH. Mr. Chairman, the Agriculture appropriation bill before us today is the ninth appropriation bill, including the three deficiency measures, to come before the House from the Committee on Appropriations. As a member of that committee I can, with pardonable pride, testify to the painstaking manner in which various operations of the respective departments and agencies have been studied and their needs appraised. The hearings on each and every bill have been exhaustive.

In the instance of the bill before us, for example, it will be noted that the printed hearings fill two volumes of 2,669 pages of testimony. As stated in the committee report accompanying the bill, "an aggregate of departmental, congressional, and outside witnesses would easily total 500 persons." Aside from the actual hearings, the committee members spend many hours and days in personal study of the items involved. Properly to appraise the financial requirements of a department or agency necessitates a complete knowledge of the laws being administered.

The thoroughness, the laborious care with which the Committee on Appropri-

ations has prepared the bills it has reported merits special mention. Over the past several years there was a disposition on the part of Congress to accept, practically without question, every recommended expenditure. We all well remember the days of "blank check" appropriations. It is obviously difficult for the bureaucrats to realize that these days are over; that this new Congress intends to maintain control of the purse strings and to make no appropriations that are not clearly justified.

Whenever the Appropriations Committee reports a bill reducing some item of expenditure or eliminating some other, there inevitably follows this campaign we are experiencing here today to have the cut restored. Our committee is accused of being arbitrary. But, if nothing else, the voluminous hearings that are held should be persuasive evidence that no decision is arbitrary. On the contrary, each decision on each item is the result of long and careful consideration.

The situation is well expressed by the following paragraph to be found on page 5 of the report accompanying the bill before us:

The committee could follow the route of indiscriminate reductions for the purpose of effecting economies but such a course might result in the serious crippling of essential functions or in nullifying the remainder of the appropriation carried for such an activity. On the other hand, the committee can follow a basic approach which preserves the essential functions, eliminates those which are not regarded as indispensable, and reduces waste, extravagance, and duplication with constant emphasis upon those research activities which in the judgment of the committee are regarded as essential.

In our determination to reduce the cost of Government, to balance the budget and to reduce taxes, the Committee on Appropriations is not recommending indiscriminate reductions in expenditures, as some would have the people believe. As I believe I stated on previous occasions on this floor, some justification can be found for practically every expenditure; but we must determine what is necessary and what is a luxury that we cannot afford. We must select the things that are essential and eliminate the unessential. To economize we simply must have the will to economize.

When the New Deal came into control of the Government our annual budget was only \$4,500,000,000. We then entered upon the so-called spend-and-elect policy, and the average budget before the war amounted to \$10,000,000,000. The budget submitted to Congress last January by President Truman for the next fiscal year, beginning July 1, 1947, called for \$37,500,000,000. In other words, 2 years after the war the Administration proposed to spend three times the average expenditure before the war. It just does not make sense, and particularly considering the fact that we have a national debt of \$268,000,000,000.

It is most unfortunate that the administration is unwilling to cooperate with the Congress in placing the country on a sound fiscal basis. President Truman has publicly stated that his \$37,500,000,000 budget should not be reduced. We have had very little cooperation from the departments and bureaus in our ef-

forts to find ways and means to cut expenses. And every appropriation bill that has come to this floor has encountered amendments offered by the Democrats to increase the respective items that have been cut.

Our Democratic friends have made some very fine speeches about how they believe in economy; but, as the record shows, they have for the most part voted against every saving proposed. It is my conviction, however, that in reducing the Government expenditures we are complying with the wishes of the great mass of American people.

The bill under consideration is the sixth regular appropriation bill, as distinguished from the deficiency bills, reported by the Committee on Appropriations. Five have passed the House and one of them has also passed the Senate. The savings made in these respective bills are as follows:

Labor-Federal Security-----	\$103,415,959
Treasury-Post Office-----	897,072,750
Interior-----	134,006,907
State-Justice-Commerce - Judiciary-----	159,650,451
Navy-----	377,519,200
Agriculture-----	383,427,742

As of the moment, the Congress has reduced the proposed expenditures for the next fiscal year by \$2,055,093,009. We have thus made a very substantial beginning for placing the Government on a peacetime basis. Not a single essential function of the Government will be impaired by any of these cuts in the appropriations. Insofar as I am personally concerned, I believe that even larger cuts could be made in certain items. But the progress that has been made, considering the opposition from the administration and various pressure groups to any reductions, is indeed gratifying.

A reduction in the Government expenditures automatically reduces the number of persons on the Federal pay roll. This, in itself, will eliminate many bureaucrats who have perplexed, harassed, annoyed, and even retarded business with their complicated regulations and countless forms.

By thus reducing Government expenditures, we are able to give our people relief from the heavy burden of taxes, and at the same time reduce the national debt. Taxes have become so high that there is very little incentive for starting a new business or expanding an existing one. As demonstrated in the last war, the productive strength of the United States comes from the thousands of small companies. If we are to have an expanding economy, these small companies must be encouraged to grow and new ones must be brought into existence.

I do not at this time intend to get into a discussion of the effect of high taxes on American production. But I do wish to emphasize that the very first step in any program for making our system of private enterprise function—that all the people may enjoy a higher standard of living—is to eliminate waste and extravagance in Government spending.

I am proud to be a member of the Committee on Appropriations, which is pursuing this objective, and I am confi-

dent that the House will uphold the committee on its work. Doubtless some of you have special interest in certain items in this bill and would like to see larger sums appropriated. But in any economy program all of us, whatever our interests, must make certain sacrifices for the common good.

Mr. CANNON. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. PRICE].

#### RURAL ELECTRIFICATION PROGRAM

Mr. PRICE of Illinois. Mr. Chairman, I want to address myself to two features of the agriculture appropriation bill in which Illinois farmers are greatly interested—rural electrification and the soil-conservation program.

Rural electrification is on the threshold of its greatest opportunity for progress. Construction, retarded by war and shortages of manpower and materials, is now able to move forward again at an accelerated pace. Two and a half million farm families still are without electric service and they are waiting impatiently for the light and power that they have seen applied so profitably on other farms in this country.

Yet in the face of this great unfinished job, this House is being asked to cut back the rural electrification program. The agriculture appropriation bill proposes to make this cut-back in two ways. First the bill proposes to reduce the REA loan funds by \$25,000,000. There are some who are under the delusion that there is no reduction being made in these loan funds. The fact of the matter is that REA under the bill as it now stands would have \$25,000,000 less money to lend for rural electrification. Second, the bill proposes to make a slash of nearly 30 percent in the REA administrative appropriation, a slash so deep that the whole program will be slowed down.

#### POWER LOBBY INTERESTED

This is not the time to be putting the brakes on rural electrification.

Let me quote from a letter I received a few days ago from a constituent, Mr. Martin Schaefer of Hoyleton, Ill.:

It seems to me—

He writes—

that we have a large number of Members in Congress inexperienced in farm problems who together with those people representing the large power interest are trying to deprive about one-half of our farmers the right to enjoy the standard of living the other half enjoys.

This man then points out that the REA funds are merely loan funds, not appropriations. He goes on to say:

All Congress does is to set aside money to be loaned to REA co-ops which must be repaid with interest. What reason is there to cut this amount to be loaned?

He asks with good reason, and goes on to say:

We pay monthly installments on the loan. On top of it Uncle Sam's got a mortgage which means we don't own anything till the last pole is paid for plus every cent of interest. I can't understand that any Member of Congress could even think of curtailing or stopping such a program.

#### FARMERS ENTITLED TO BENEFITS

I want to read just one more paragraph:

It seems they have money for witch hunting and frankly I feel that just things like this are what creates Communists. Nobody can undermine our Government from the outside. It must come from within and I think actions like this make Communists when one American farmer can have things which Congress denies his neighbor. It's not hard to make a Communist out of a person who is denied the necessities and comforts of life. When you deny lights, homes, roads, health, etc., to one, and give it to another, you get dissatisfaction, hatred, jealousy, and all the means to destroy our Government, and I hope that your long experience will not permit you to go overboard with those who deny those things that make a happy, healthy Nation.

This letter came to me unsolicited. It shows the people back home are watching us here in Washington.

Let us consider that thought before we undertake to damage the great program of rural electrification.

Funds for adequate administration are necessary to the sound operation of any lending program. No banker would be so foolhardy as to lend his money unless he made sure his loans stood an excellent chance of being repaid.

In addition to making new loans on a sound basis and on a basis that will best advance rural electrification, REA must meet the costs of administering loans already made. It is custodian of the Government's interest in more than \$1,000,000,000 in loans made up to now.

I know of no other Government program—or any comparable business enterprise—which is doing as economical and as effective a job. As the record shows, this program is being conducted with about one employee, including messengers and clerical employees, for each borrower. And the average borrower is a \$1,000,000 enterprise.

#### REA HAS ENVIABLE RECORD

I challenge anyone to cite a private-lending institution with such a record. The comparison is even more dramatic when it is remembered that most agencies make loans on a well-established basis for not more than 60 percent of the value of the property mortgaged. REA, on the other hand, is making 100-percent loans to new enterprises. And up to now more than \$20,000,000 have been paid ahead of schedule, while delinquencies have been negligible.

Everybody is for rural electrification. Even the power company interests who come before our committees say it is a good thing, but at the same time there are many who are trying to rob the program of its effectiveness. It takes more than nice words to keep rural electrification going forward. This means we must provide adequate administrative funds not only to assure sound lending but sound administration of the entire program. It is false economy to do otherwise. The taxpayers have every right to expect the Government to give as much attention to its loans as a private lending institution does. This attention is necessary in order that the rural-electrification program can continue to



move forward on the sound basis that has been established and in order that service can be brought to the two and one-half million farm families still living in the kerosene age.

Let us not be penny-wise and pound-foolish.

#### SOIL CONSERVATION SERVICE

In my opinion, the proposed cut in the funds for the Soil Conservation Service cuts at the most fundamental part of the agricultural program. The land is the foundation of our agriculture. For generations we neglected it. Finally, after we had experienced giant dust storms, the most devastating floods in our history, and watched tons and acres of our finest land wash down the rivers into the Gulf of Mexico, we decided to do something about it. We were already a hundred years late, but everyone agreed that there was still time if we worked hard and fast.

During the past 10 to 12 years we have made the most remarkable conservation progress of any nation in history. It is true we are still losing our soil over millions of acres every year, but we are also cutting down the rate every year. If we keep at it and support this program, we can put a stop to the waste of erosion, for all practical purposes.

But what does the committee recommend? It would have us cut the appropriation for the Soil Conservation Service by \$5,437,000 below the budget estimate, and \$5,300,000 below the appropriation granted the Service for the present fiscal year.

#### VALUABLE AND NECESSARY SERVICE

Almost all of the money appropriated to this Service is used to employ people. And 93 percent of the people hired by this Service are doing technical work of various kinds, expert work, that is directly helping farmers apply sound conservation measures to their land. This, I say, is a valuable and necessary service. It has won the widespread approval of farmers and city people alike. It is a service that is protecting the productive capacity of American agriculture.

Somewhere along the line somebody must have misinformed the committee, because in their report on this bill they say that we do not need as much technical assistance in soil conservation districts now as we did when the districts were new. That, I submit, is a highly erroneous point of view. I have three of the finest soil conservation districts in the country in my congressional district and they have made outstanding progress. But they are actually just getting started. They have 10 or 20 years of hard work ahead of them. Every one of these years, the farmers are going to need the help of these Soil Conservation Service technicians if they are going to do their job right.

The committee seemed to be laboring under the impression that the Soil Conservation Service sends its men into an area to hold meetings and do educational work. That is certainly not the case. Our State Extension Service does the educational job. What the Soil Conservation Service provides is expert technical assistance to the individual farmer—one farmer after another—in work-

ing out the detailed soil and water conservation problems he has on his farm. No other agency of Government does this job.

#### WORK MUST BE DONE IN FIELD

I know from the experience in my own district that this is the kind of work that has to be done field by field. And you have to go right out onto each field—analyze it thoroughly and build your conservation measures accordingly. It is a painstaking job and one that is going to take some time. It is also going to take some money—but as long as we are going to spend money on agriculture, where can we spend it better, for the most lasting results, than in the protection of our land? What good will it do us to take care of everything else in agriculture if we let our land wash away in the meantime?

There is only one way to conserve our farmlands and stop erosion: That is to put the land experts out there where they can work in soil conservation districts—helping one farmer after another until the whole job is done.

If the Soil Conservation Service is restricted to the funds proposed by the committee it will be forced, according to my information, to cut its assistance to soil conservation districts by 22 percent under the amount furnished this year. Unless we grant the Soil Conservation Service more money—at least enough to work with all the soil conservation districts of the country—we will be undercutting the soil conservation program and falling down on the farmers who want to protect their lands against erosion.

That simply does not make good sense. If we must make these big cuts in the agricultural program, let us make them somewhere in the superstructure. Let us not undermine the foundation of the whole thing.

Mr. CANNON. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. WORLEY].

#### AMERICAN AGRICULTURE AT THE CROSSROADS

Mr. WORLEY. Mr. Chairman, a distinguished writer once called the parable of the prodigal son the most perfect story plot ever contrived. That parable has provided the framework for the story of human frailties many times in many forms. It provides an ideal framework for the story of American political life of the last decade and a half. Let me tell you the story of American agriculture and American political parties in that framework.

There was a great Nation called the United States. And this Nation had two great political parties. One was called the Democratic Party, and the other was called the Republican Party. Now the Republican Party in the year 1920 said to the Nation, "Give me that part of the estate which is mine. Give me the rulership of this Nation. The Democratic Party has had it long enough."

And the Nation—foolishly—did as it was asked. It gave to the Republicans the rich inheritance of leadership of the land which had become the wealthiest and the strongest on earth.

But, alas, this party encouraged lavish and worthless investments in far-off countries. It watched the paper values

of the exchanges on Wall Street rise high on the hot wind of speculation. It looked at the ticker tape and clapped its hands and said, "All is right with the world. Such and such a stock is up another five points."

Yes; stocks on the market exchanges were up. And that seemed good indeed. But stocks on the farm were up, too—piling up year by year in mountainous surpluses of cotton and wheat—and that was bad, because as the surpluses grew, the prices shrank until taxes, mortgages, and interest ate up all the income, and farmers were knocked into bankruptcy like tenpins by the big black ball of economic depression.

First it was only the farmers. But then, like a great dark cloud, economic catastrophe overtook the speculators in the exchanges, and the manufacturers, bankers, and merchants in the markets, and the laborers and clerks in their humble homes. A terrible famine of jobs and profits spread over the whole land. The price of wheat was never so low in three centuries as it was then. The value of farm exports was never so low in well-nigh 50 years. The buying power of farmers' products fell to about half their pre-World War level. The farm fourth of the Nation virtually ceased to be customers for city goods.

Desperate in the effort to hold their properties, farmers mined the soil, frantically endeavoring to dig up, as if by the roots, enough cash to meet their costs of interest and taxes. And millions of acres lost fertility and topsoil while farmers lost their homes and their land.

Agriculture was prostrate.

Mr. Chairman, the low state to which agriculture had fallen by 1932 is not easily forgotten. In that year farm operators went bankrupt at a rate of one every 2 minutes—and this they did 24 hours a day and 7 days a week. Many farm laborers were glad to work for room and board. Mortgage debt alone took a tenth of the farmer's gross income—to say nothing of taxes and other costs.

The average price of a bushel of wheat fell to 38 cents; corn to 32 cents; oats to 16 cents. The price of a pound of tobacco was 11 cents; cotton, 7 cents; beef, 4 cents; hogs, 3 cents.

And the carry-over of cotton rose almost fourfold in less than a decade, so that the people of my own State of Texas and of the whole South trembled on the brink of wholesale bankruptcy.

And over the radio punsters quipped, with an undertone of fear in their voices, about signs in public places being changed from "Keep off the grass" to "Don't eat the grass."

The Republican Party had dissipated the Nation's economy. Such was the inheritance of the Democratic Party when called upon by the people to rehabilitate a prostrate Nation.

Then began the long struggle which has brought to this Nation the greatest agricultural prosperity it has ever known.

Net income from agriculture last year was not two or three times, but eight times as great as in 1932.

Foreclosures and assignments were reduced not to one-half or one-fourth of the number in 1932, but to one-twentieth.

From near collapse, American agriculture has today reached a position where it is a hundred-billion-dollar-plus industry, where its quick assets of currency, bank deposits, and Government bonds total some twenty billions, where farmers have a 93 percent equity in their business.

What a difference.

From a level of about 50 percent below parity in 1932, farm prices climbed to 32 percent above parity in October 1946.

From a condition in which the elephant heel of surpluses, of cotton and wheat particularly, were crushing the life out of agriculture, we have today only a normal carry-over of wheat and no more Commodity Credit Corporation cotton to sell.

From a total mortgage debt of about \$9,000,000,000 in 1932—and a negligible amount of quick assets—agriculture in mid-1946 had a total mortgage debt of little more than five billions—and quick assets nearly four times that amount.

In 1932 agriculture was flat broke. In 1946 it was richer than at any time in history.

What a difference!

And how that difference is making itself felt. Mr. Chairman, in 1932 farmers were no longer sizable customers for tractors and trucks, for new homes and barns, for furniture and clothing. But today, manufacturers and merchants can hear the jingle jangle of coins in farmers' jeans—and back of those coins are plenty of rectangular green-backed pieces of paper that fall soundlessly but joyously into the cash registers, even as the gentle dew from heaven.

Farmers want tractors—200,000 a year a survey showed, for 3 years after the war's end.

Farmers want trucks and cars—a billion dollars' worth.

Farmers want building improvements—another billion dollars' worth.

Farmers want household goods—\$400,000,000 worth a year for 3 years after the war.

And they have the cold cash to back up their wants in a way that gives solid assurance of an era of continued prosperity.

What a difference!

Admittedly, the war was a big factor in the booming prosperity many farmers have enjoyed these last 5 years. But prosperity was well on the way long before Pearl Harbor—long before war broke out in Europe. The growth of buying power of the American farmer started in 1933.

I am not going to recite the details of that climb and of the sweeping agricultural legislation that helped farmers to climb out of the depression. I am merely going to put into a few sentences the highlights of what has been accomplished, using my own State of Texas as an example.

First. The agricultural adjustment program helped farmers produce in accordance with the needs of the people. It enabled them to set up a complete ever-normal granary program which supported prices of basic crops and maintained stable reserves. It made it possible for farmers to use soil-conserving practices that added untold wealth to

the Nation's natural resources. Did that program pay dividends? I have heard it said that the ever-normal granary alone meant as much to the Nation in the winning of the war as an extra army or an extra fleet of ships.

Second. Under the national soil-conservation program 30,000,000 acres have been devoted to organized conservation. In 1945 more than half the Nation's farms, containing three-quarters of our cropland, participated in carrying out soil-conserving or erosion-preventing practices. Under this program and the adjustment program, American farmers built up a bank of fertility and they drew upon it heavily to help win the war. Did it pay? In Texas alone some 40,000 farms covering 15,000,000 acres have been aided by the Soil Conservation Service in applying conservation plans. A survey of typical farmers showed that soil conservation enabled them to step up their yields per acre by an average of 26.5 percent.

Third. The farm-credit programs during the tough going of the 1930's helped farmers refinance their mortgages, reduce their interest payments, and keep their farms. Did that pay? In Texas 250,000 Farm Credit and Production Credit Association loans were made in amounts totaling \$725,000,000.

Fourth. The farm-security program helped farm tenants become owners and small farm owners to improve their economic position either by getting additional land or by more efficient farming. Did that pay? I wish the 87,000 Texas farmers who received rehabilitation loans were here to answer that question. I wish the 4,000 farmers who took out farm-ownership loans were here to tell you. Already nine-tenths of the principal of the rehabilitation loans has been repaid and the tenant purchase borrowers have paid up 86 percent more than would be required on the basis of equal annual installments to pay their loans in full in 40 years.

Fifth. The rural electrification program brought power and light to millions of American farmers, helping them to increase their production efficiency and to improve their living standards. In Texas alone, from the beginning of the Rural Electrification Administration in 1935 until the end of 1945, a total of \$53,500,000 was loaned to provide electric power to farmers. REA loans were used to construct 44,000 miles of distribution lines serving 114,000 consumers in rural Texas. At the end of 1945, REA borrowers in the State had met all interest and principal payments due on their loans and had paid \$1,200,000 on principal ahead of due dates. Did it pay? Here is an interesting fact. Eleven years ago when the rural electrification program was started, only about 1 Texas farmer out of 50 had electrical service. That proportion has been stepped up to 1 out of 3. For the whole Nation, the proportion of farms with electricity has risen from about 10 percent to close to 50 percent.

Mr. Chairman, I could go on for a long time talking about the marketing agreements, about water facilities, and flood control, about price supports, commodity loans, and conservation payments. I

could talk about the farm-labor program that in 1945 helped more than 77,000 Texas farmers secure workers. I could talk about the research programs which have paid such big dividends to the Nation—hybrid corn seed, for example, or the production of penicillin in commercial quantities, or the development of dusts and sprays containing DDT.

But I am going to pass over all of those features and mention simply the protection farmers are given under the so-called Steagall amendment, which assures price support for major agricultural commodities at 90 percent of parity or higher until January 1, 1949. Thus, American agriculture is protected by a floor under prices. We all know why this measure was adopted. It was adopted because our Democratic Party was determined that American farmers should not again be the forgotten men they were after the other World War. It was adopted because looming very big in the minds of the President and the Congress was the memory of the terrible collapse of farm prices in 1920 and 1921. In less than a year, at that time, farm prices plummeted down more than 40 percent.

That is not happening this time.

Well, there is the record. There are the facts. As has been said: "The farmer and the farmer's family can measure for themselves the vast difference between the desperation which was theirs and the recovery which is theirs." Surely the record—in peace and war alike—is good.

And today the people of this Nation are enjoying the greatest abundance of the products of the farm they have ever known.

Let me again cite the record. With fewer farms and with 10 percent fewer workers than in prewar, with shortages of machinery and materials, without plowing up the parks and plains, American agriculture during World War II stepped up production more than one-third, sent up to one-fourth of its products off to war, and at the same time fed civilians 10 percent better than in peacetime.

Not only that, but year by year and every year—beginning not in 1942 or in 1940 but away back in 1937 and going right through the war—American agriculture set new production records every year. Every year a new record. Every year more food than the year before. Meat production jumped by about one-half over the 1935-39 average, and egg production by about three-fifths. Commercial truck crops increased by about two-fifths. Output of some of the valuable vegetable oil crops, such as soybeans and flaxseed, tripled or more than tripled.

And how was it done? Not by putting on three shifts. First, there was not have made much difference anyway, be-labor available and, second, it would not cause three shifts cannot make the land produce and the sun and rain work any faster.

It was done by long hours, by hard work, by technological improvement—and by a legislative program that helped the farmer go all-out.



It was possible only because agriculture had been snatched from the near death of the early 1930's and restored to the vitality and good health of the 1940's.

Now that is a long story about agricultural progress and prosperity. It is a story that should be of great interest to our Republican colleagues because it is the picture of the sound, healthy agricultural situation which they, as members of the dominant party, are inheriting as we begin this year 1947. Will they keep it that way during their tenure of office? It cannot be done by trusting to luck and ignoring the farmer's problems as they have done many times in the past.

Mr. Chairman, there are many problems to be decided about the future—such problems as making full use of the farmers' remarkable increase in productive capacity. Inevitably, there must be readjustment from a wartime to a peacetime production pattern. In times past, the inability to change pace, to shift gears, has been agriculture's biggest handicap. In the last 14 years, however, farmers have learned much about the necessity for making production fit demand—something that industry has long recognized. They have built up the machinery to make that adjustment through the legislative programs and particularly through the national production goals.

Thus, during the war the goals helped farmers produce the tremendous quantities of meat, milk, wheat, corn, cotton, eggs, and other strategic foods that a fighting nation requires. Now with the return of peace the goals are helping agriculture emphasize such production as is most needed.

To make the goal mechanism work, there obviously must be unified action. There must be leadership. In the case of depressed markets, there must be income protection. All these requirements can be provided only by a continuation of full-fledged cooperation between farmers and Government.

Another outstanding problem—a continuing problem and one which farmers have already made a good start in solving—is that of soil and water waste which in the first one-third of this country made almost a million acres a year unfit for further cultivation.

The conservation job is well underway, but there still is a big job ahead. The task of applying the basic soil and water saving measures will take years and—in the interests of the whole American people—there must be no slackening of the work.

And then there is the problem of regaining adequate foreign trade in farm commodities. By means of the World Bank and various international agreements, the Government is endeavoring to help agriculture build up international commerce. The Food and Agriculture Organization of the United Nations is another phase of the world-wide effort to make agriculture strong and prosperous so that hunger may eventually be banished from the earth along with the great threat to peace that hunger inevitably carries with it.

The whole marketing picture needs to be examined and in some ways re-

vamped. The recent Democratic Congress took a big step in this direction with the Agricultural Research and Marketing Act, authorizing widespread research to discover new uses for farm products, new markets for old products, new methods in making distribution of farm commodities not only more efficient but also more profitable.

But the most fundamental factor in the maintenance of a prosperous and healthy agriculture is a continuance of a full employment, full production economy.

This is the most elementary economics. The income of the 25,000,000 farm people must come primarily from the spending of the 115,000,000 city, town, and village people. The amount of food money in the city wage earner's pocket is one of the measuring sticks of the farmer's prosperity. In a full employment economy where the wage level is good, much of our new-found agricultural productivity can and will be absorbed.

During the depression a large proportion of city, town, and village people could not buy anywhere near the amount of food they wanted. Millions were seriously undernourished. The effects of their malnutrition were evident not only in lowered health standards but in reduced farm income.

Here is a challenge that should call forth the best that is in us. This great Nation is capable of producing enough food to provide its people with a good diet. The importance of good diet to national health and strength is a fact we cannot afford to ignore. It remains for all of us to make sure that the American people have the means of purchasing the food which farmers are so capable of producing.

We have made great progress toward the goals of security, opportunity, and prosperity. Whatever lies beyond the veil that hides the future from our eyes, this much at least is assured: Never in all American history has agriculture been so well prepared to adjust its operations to demand. Never has it been better able to plan a wise use of the land to provide continuous, abundant, profitable production for the needs of the whole people.

That, I am sure, is the conclusion that even the Republican Party must draw after a good look at the Democratic record.

For the welfare of American agriculture and of the whole Nation, I sincerely hope that the Republican Party will not allow their inheritance of a sound and prosperous agricultural situation to be frittered away.

Mr. Chairman, nothing is more fundamental than to keep agriculture, the backbone of the Nation's economy, straight and strong. But today American agriculture is at the crossroads. It can continue strong and healthy or it can sink into the shabby doldrums of the early thirties. The legislative responsibility of the majority party cannot be alibied or escaped, and if the bill which we are considering today—which arbitrarily cuts, slashes, or eliminates these measures which have been so important to American agriculture—is any indication of the policy which the Republicans

intend to follow, then the outlook for agriculture is indeed black.

Mr. DIRKSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. ELLSWORTH].

Mr. ELLSWORTH. Mr. Chairman, I want to discuss some of the forest conservation items in the Forest Service appropriation as shown in H. R. 3601.

Those of us who have been in close touch, for many years, with the work of the Forest Service are concerned by the action taken by the committee. The necessity for developing our forest wealth to the maximum needs no lengthy exposition. The story has been heard frequently on the floors of this Congress.

I am particularly concerned about some of the specific cuts the committee has made. A deep cut in national-forest administration, the great part of which is designed to increase present timber sale business, is short-sighted. I question the committee's comment that a good deal of this is a reduction merely in paper work. Much of this reduction will be felt in the ranger and supervisor jobs, where the ultimate work of the Service must be done. If we want to build our national forests up we cannot reduce in the forces needed to put good management into practice.

I am also concerned about two reductions made in the research items. One deals with the work of the Madison Laboratory. It is regrettable that this cut has been made and the reasons given by the committee that the laboratory has not enjoyed the esteem of the Congress and that its work is academic and visionary seem to me to be quite contrary to the facts. The Laboratory has an enviable reputation for having pioneered and for having advanced the whole field of forest products in America. Its reputation extends beyond the boundaries of America as an outstanding institution, particularly for its contributions to the war. This was accomplished because it was able to draw upon a large backlog of research work. The basic work that the laboratory has advanced has been, and will continue to be, translated into practical things by industry. I want to call attention to some things that are not visionary or impractical accomplishments of the laboratory: They developed the semi-chemical-pulping process now in use, which makes possible pulping of species never used before and with higher yields per cord of wood. This will have real importance if we are to meet the existing paper shortage. The work of the laboratory on converting waste material to yeast and alcohol is now bringing to the field a new industry of considerable importance.

May I say right here that some 3 weeks ago I visited a plant newly erected in Springfield, Oreg., which was producing alcohol, good 192 proof ethyl alcohol from sawdust. This plant at Springfield, Oreg., is a full-scale commercial plant producing some 4,000,000 gallons a year, or it will produce that much when it gets into full production, and it was made possible only because of the Madison Laboratory work on the pilot plant. The work on laminated woods and new packaging techniques furnished the Navy and the Army sources of material for their

war needs—material which they never had before and when they needed it most. Those of us in the West who have profited by the findings of the laboratory would feel that it is a mistake to decrease the work at this time.

The other research cut deals with the Forest Survey, which aims to give a sound inventory of our resources, our requirements, and our drains. This work, too, cannot be characterized, as the committee has done, as academic and lacking in practical value. It has been of inestimable value in the Pacific Northwest, where the original survey is completed and is now being maintained. Similar data are needed for all the forest lands of the United States.

Mr. CANNON. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. WHITTEN], a member of the committee, 30 minutes.

Mr. WHITTEN. Mr. Chairman, as we come to the consideration of this Agricultural Appropriation Act for the fiscal year 1948, there are a number of curious things in connection with it. I have served on this committee for some several years now and with the members of the Republican majority who were on this committee prior to this year.

The surprising thing when we read this report is that practically every program that has been absolutely ruined in this bill was approved and subscribed to by the Republican members of the subcommittee no later than last year. Having approved these programs last year, it is surprising that we find this year these same gentlemen coming into the Congress with a bill which virtually ruins those programs. Looking back over the situation we may be able to find some explanation for that. Last year this bill was considered shortly before the election. It was then their hope that the Republican Party would recapture control of the House of Representatives and of the Senate. Of course, it is a matter of history that they did so capture control of both of these bodies. The majority of the Members of the House and of the Senate from agricultural regions other than the South are in the Republican Party.

Shortly after that election in November we began to read in the press that the Republican Party came back on the basis it was going to reduce expenditures. That is a worthy objective. Since I have been a Member of this House I have tried to vote for economy in Government. When we got here in January, however, we learned what it was intended to do with these savings that they were going to make through a cut in expenditures. When these four committees met to adopt this \$6,000,000,000 reduction, of course that was not binding, but it read good. It read like it was carrying out the mandate of the people to the Republican Party. At that meeting we on the Democratic side tried to provide that such savings as were made would be applied to retirement of the national debt. We understand what it means to do without in order to pay what you owe. Nearly all of us as individuals have had that experience.

In the meeting of these four committees over which the Republicans had con-

trol, they refused to provide that the money which was saved would be applied to reduction of the national debt. We saw from the press that another of their promises to the American people was to reduce the income tax. So this \$6,000,000,000 cut was tied in with what was then known as the Knutson bill. Under that bill, a man with a \$300,000 income would have gotten an increase in his carry-home pay of as much as 69 percent. The small fellow who got \$1,000 would have gotten an increase of 2.1 percent and the man with a \$10,000 income only 6.1 percent.

In carrying out this commitment, where did they start out in January to get this money, not to apply on the national debt but to be used in passing the Knutson bill which got too hot for them. They passed a bill, however, that is virtually no better. Where did they start out in January to get that money?

When they called the House Appropriations Committee together we first noticed it. When they set up the subcommittees, in every instance but 1, in 10 of them to be exact, there was a division of 4 Republicans to 3 Democrats. But when they got to the Agriculture Subcommittee on Appropriations there was a division of 5 Republicans to 3 Democrats. I tell you, Mr. Chairman, this bill and certain phases of it was a direct result of that overwhelming vote on this committee of 5 Republicans to 3 Democrats. So we can see back in January there was some intent to see that these cuts were made and applied to agriculture, and they were used to pass this tax bill that now rests in the other body.

There is another thing that is most unusual here. Back in February, of all the subcommittees of the Appropriations Committees there was only one that I know of where the chairman of the committee then before any hearings submitted to the committee how much the cuts were going to be and where they were going to be made. That was done by the chairman of this Subcommittee on Agricultural Appropriations. Of course, when the news got out that he planned to provide no funds for research in utilization and marketing of agricultural products as authorized under the Hope-Flanagan bill, when it got out that it called for the elimination of the school-lunch program, when they learned it would do away with a great deal of the Rural Electrification Administration, of course, when the heat got too strong with regard to those three segments of the bill, they were not treated as they announced they were going to be treated in February, and some provision is made in this bill for those programs, although the bill is inadequate in my judgment.

Now, there is another thing that I think might be called to your attention and that is this: After this committee had been in session for 8 weeks, after we had marked up the bill, after the clerks had printed the hearings, after the report had been prepared and the tables compiled, 10 days after all that had been done, on last Monday, there was a meeting of the Republican steering committee, and in the press the next morning there was a statement that the Republicans were falling far behind in

their efforts to make it possible to pass their tax bill and what do we find when that statement appeared in the press? We find the very next day this committee, having completed its labors 10 days before, and though these five gentlemen—and they are most estimable gentlemen—on the Republican side had taken their knife and applied it to the Department after 8 weeks of hearing witnesses, and after having done what I feel sure they believed was a good job, after having reduced the Department \$337,000,000—10 days after that, when the Republican steering committee had met and determined that they had to go back and cut some more if they were going to be able to pass this tax bill, the first committee that was called back was the Committee on Appropriations for Agriculture, and we met in session on Wednesday, and there, too late to get what we did in the report, they adopted four amendments. One of those did away with the farm-tenant purchase program under the Farmers' Home Administration. They said to the 49,000 veterans who made applications for loans under their program, and they said to the 35,000 who now have their applications in the process of being approved, "We have cut you off because we have got to have the money for the tax-reduction bill." There is no fund for that for the next year. And they looked at the triple A and they said, "Why, under the triple A program you are not supposed to get payments unless you do certain things for yourselves and for your own land. It has cost you about \$2 for each dollar that the Government promised to pay." They said, "We need some more money, so instead of having to prove that you did this work, you just come in and say you did it and we will give you the money so that we can cut \$8,000,000 more and make that available for this tax bill." That was done.

Then we come to crop insurance. The testimony from the Department was that it would take \$4,000,000 to wind up the affairs of the crop insurance program, but in their need for additional funds, they cut the \$2,000,000 that they had earlier allowed to \$1,000,000. Even though the present chairman of the committee last year, when they were trying to reduce the administrative fund for the Farmers' Home Administration, then the Farm Security Administration, when he spoke against a simple cut of \$1,000,000, from \$24,000,000 to \$23,000,000, said "I will not be a party to meat-ax methods of reducing expenditures." Notwithstanding that, when this committee met, it went into that phase of this program and the administrative fund is cut approximately 40 percent when they have outstanding loans of more than \$800,000,000 that must be serviced and should be collected.

Here is something I want you to keep in mind, and this is most unusual. There were two little items that came up in that meeting of the rump committee, as some people have termed these call-backs. At the same meeting held about 10 days after the business affairs of the committee were over there were two little bills of \$7,500 which two good members of that party wanted to get through. The Department had not sent them down.



They had not even considered them. The Bureau of the Budget did not send them down. They had not considered them. Now, do not misunderstand me. I am not opposed to consideration of requests of individual Members who know the situation and who have a personal interest in presenting these matters, but 10 days after the committee was through, and when they were called back to strike out \$40,000,000 more out of the appropriation for agriculture, they spend their time approving two additional projects that individual members of the Republican Party were interested in of \$7,500 each. That was a part of the committee action.

But, here is the unusual circumstance connected with this, gentlemen. When the whole committee met and the Republican members of this subcommittee submitted in writing the action of the subcommittee in which they wiped out this \$40,000,000, lo and behold these two little bills that were stirred up to take care of individual Members, without any showing at all, had been overlooked. When I asked the question as to why they were not included, it was said, "Why, they were adopted so late that we could not bring them here without having to mess up the entire tabulations and tables. We could not figure them through these reports."

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. In just a moment.

Of course, my question then was, "How could you figure the \$40,000,000 that you cut away back through these reports, when they were adopted the same morning?" We have had no real answer to that as yet. You are bound to reach the conclusion that it was determined that it might be a little embarrassing, but I doubt that that would embarrass any group who would come here this year and absolutely destroy several of the farm programs which they sponsored and approved less than a year ago and preceding the last election.

I now yield to the gentleman from California.

Mr. PHILLIPS of California. The gentleman has in part answered the question I have not asked. As I recall, the reason for the two items to which the gentleman refers was that the matters had come up after the bill was closed. I thought perhaps the gentleman also wanted to include in the list the money we voted to repair the damages due to the Oklahoma tornado, which came up at the same time and which was included at the same time.

Mr. WHITTEN. Does the gentleman mean to indicate that they are of somewhat the same nature, the Oklahoma situation and that in the gentleman's district and that in the district of the gentleman from Ohio?

Mr. PHILLIPS of California. I am quite sure the gentleman wants to be accurate, and will say it was not in this gentleman's district.

Mr. WHITTEN. In the gentleman's State; perhaps I am in error.

Mr. PHILLIPS of California. I thank the gentleman, but we have 23 Congressmen in California.

Mr. WHITTEN. Yes, and we feel the weight of their votes sometimes, as we apparently did this morning in the vote on the rule.

I have never opposed any cuts in the Department of Agriculture. I believe I have a good record here in economy. I subscribe to most of the reductions in this bill if they were properly applied. But to show you that the cuts in this Department are a result of the pressures of the announcement of certain political leaders in the Republican Party, read this bill, and you will not see where there is any case where there must be a reduction in personnel, with one exception, and that is that in the Information Service it is limited to 250 people.

When they set out to absolutely ruin the Soil Conservation Service and the triple-A payments because of the duplication between those agencies and the Extension Service, I said, "Gentlemen, do not ruin a service to the American people. If there are faults and duplications that ought to be eliminated, and I agree with you that there are, this committee should consolidate all those supervisory and administrative personnel, and I will go along with you in doing that." But no, they were not interested in that, they just cut the total amount of money, because what is necessary is to show up with the funds.

I tried to do that throughout this bill. When they got to the REA, the chief objection, and you gentlemen will bear me out, to the REA appropriation for administrative funds was objections to certain people who have to do with that administration. I do not believe there is a Member of this House who would intentionally—I do not know what the pressures are from the national party, never having undergone such pressures myself, but I do not believe in the face of any pressure from any party that any man from an agricultural region would have the courage to cut down the expansion of the Rural Electrification Administration, as much as it means to the rural people of this country. But I think it must be agreed that the chief reason for this cut in the administrative expenses of the REA was a disagreement with, dislike of, or failure to appreciate the capacity of certain people who have to do with this operation. Of course, there could be real merit to that with regard to a few people. I do not know, many of them are able, conscientious administrators, but I do say that I tried to get the majority members of this committee to bring the Secretary of Agriculture in here. I said to the committee, "If there is something wrong with the administration of this agency, let us correct it, but let us not cut out a service to the American people, let us not cripple an agency here which means more to the farm people and those who live in rural areas than almost anything that has been done in this Government."

One of the biggest reasons for the necessity of setting up this administration in the outset was because the utility companies had gone into the more populous areas and gotten the so-called cream of the crop. The first local REA associations quite naturally were set up in the

more populous areas. The first lines built were through the more populous areas, and it is only during the last few years that proper attention has been given to area coverage and to planning so that eventually this service can be given to all rural people. Mr. Chairman, I would like to call attention also to the fact that when a local REA association borrows money from the Government, makes its original plan, and has it approved, that the Rural Electrification Administration is without power to expand their service and carry their lines to other areas where they give additional service to still more people. However, the Rural Electrification Administration does have an opportunity to do that when the additional loans are requested, the so-called class B loans. Under the law, once the local co-op is created, expansion is in the hands of the directors and manager of the local association. Certainly they should, and I believe they do, want to expand this service to their neighbors and to others in their own area who have been unable to get current. But we need the national administration to assist in making available poles, transformers, and materials, and to see in this time of shortage that all of that does not go into the hands of the utility companies. Most of these directors are not experienced engineers, and they need the benefit of the national association and engineers for planning so that eventually the line can be built economically to all rural people of the Nation, and yet though practically all the money requested for loan authority is made available, the fund for the rural electrification is reduced by one-third.

The first of this year there were two and one-half million farm families still living without electric light and power. It is estimated that in addition to these unelectrified farms there are more than 2,000,000 rural establishments such as schools, crossroads business places, and rural dwellings not on farms that do not have high-line power.

Few counties, even in the most prosperous areas, have completed their rural electrification. While a big and difficult part of the job remaining is in the less densely settled areas of the West, it is a fact that almost 60 percent of the unelectrified farms are east of the Mississippi River. The States of New York, Pennsylvania, Ohio, and West Virginia, as a group, have more unelectrified farms than all of the 11 westernmost States together.

Nine States each have more than 120,000 farms still awaiting the highlines. In each of 18 States there are more than 60,000 farms without electricity.

These figures give an indication of the magnitude of what has yet to be done. The REA today has a backlog of applications for rural-electrification loans totaling \$237,000,000 and will have \$270,000,000 at the end of the fiscal year. Farmers in every State and every community are insisting that they be given the opportunity to provide themselves with electricity. Even though good progress has been made during these

dozen years, the fact that approximately 43 percent of the Nation's farms still are unelectrified represents a powerful challenge to future action.

Such reduction would be penny-wise and pound-foolish. It would be costly in terms of dollars, and even more costly in terms of accomplishing the objectives of rural electrification.

The Congress has authorized a billion-dollar investment in rural electrification. This investment is self-liquidating but is not and cannot be self-administered. The Government's contracts must be carried out and the Government's security must be protected. Common business sense requires this. An arbitrary reduction in the funds for administration of this program is unwarranted and unwise—it is just poor business. Let us examine the facts.

As every single member of this House representing a rural area well knows, the extension of electricity is today more desired than any other single improvement that can come to unserved rural areas. No single thing can so greatly reduce the difference between rural and urban living standards as the taking of electricity to farm homes. Fortunately, we have in the REA program a method in this country by which that objective can be accomplished on a self-liquidating basis.

The rural electrification program is being carried forward through nearly one thousand individual farmer-owned cooperatives. Up until the war and some since with the guidance, counsel, and encouragement which the relatively small staff of the Rural Electrification Administration has been able to give, these farmer-managed cooperatives have been constantly growing and reaching out to serve more and more of their neighbors. It can be said, almost without exception, plans are getting started to carry the REA program forward in every single rural community of this Nation. Today there are REA-financed lines in more than 2,200 counties. There are nearly one and three-quarter million farm families and other rural consumers receiving service from REA-financed lines. New consumers are going on REA-financed lines at the rate of 25,000 per month. Plans projected into 1948 indicate that the program will accelerate to a point where new consumers will be connected at a rate exceeding one-half million per year.

Even though the cooperatives are pushing into thinner and thinner territory, their financial record is excellent. They have repaid more than twenty million dollars on their loans before the due date.

Although the progress during the past 12 years has been amazing, with the percentage of farms electrified increasing from 11 to about 57 percent, there still remain about two and one-half million unserved farm homes—some of them, incidentally, in every rural congressional district—and at least 2,000,000 other unserved rural dwellings, churches, schools and the like. To these unserved people the great progress made during the last decade is meaningless. Their homes are as dark and their lives filled with as much drudgery now as they were

before the program started. It is in terms of those people that we must think.

We want the cooperatives to be constantly encouraged to take in new members and to build more lines—in fact to get on with the job of electrifying rural America. More importantly, we must rely on the REA staff to give to the efforts of each of these hundreds of cooperatives in 46 States, a national plan of area coverage which will assure that the benefits of electricity will be made available in all rural areas in the most economical manner possible at the earliest possible date.

ADEQUATE SUPPORT IS NOT GIVEN FOR THE  
RESEARCH AND MARKETING ACT OF 1946

Mr. Chairman, it has been recognized for many years that research in agriculture has worked wonders. It has given us improved seed, greater production from the same investment and from the same work. We have seen total production of agriculture products multiplied many times as a result of research in production. And as a result this country has been able to produce and meet the needs through this war. We have seen production reach untold limits, and except for the world's needs we would have tremendous surpluses today. Just as soon as the world is able to supply its own needs even to a limited extent, surpluses will pile up again in this great Nation.

The chairman of the agriculture legislative committee and the ranking Democrats on the committee, Mr. HOPE and Mr. FLANAGAN, joined by my able colleague, Mr. ABERNETHY, of Mississippi, realizing that this situation was not too far off, last year passed through this Congress the Agriculture Marketing Act of 1946, known as the Hope-Flanagan bill.

Duties levied on imported agricultural commodities have been used to protect the farmers of this country from the impact of disastrous price collapse that follows a little surplus production and has given the low-income consumers access to better foods. This action strikes at farmers of the entire Nation.

Why is it, Mr. Chairman, that this subcommittee has taken upon itself to repeal one of the major legislative actions of this Congress in history for the protection of American agriculture and the granting to those that engage in agriculture fair treatment with industrial production which through the years has had protection, and in its action is completely usurping the jurisdiction, rights, and prerogatives of the great agriculture legislative committee headed by the gentleman from Kansas [Mr. HOPE]?

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. HORAN. The gentleman recalls, of course, that we have not reduced any of the loans for the REA. Is that right?

Mr. WHITTEN. There is a \$25,000,000 reduction.

Mr. HORAN. That was not a loan fund.

Mr. WHITTEN. There is a slight reduction, although I doubt the loan authority has been seriously crippled.

Mr. HORAN. To give an illustration, the gentleman recalls perhaps that it is the experience of the REA cooperatives in his own district that in some cases it

has been a matter of overadministration or overregulation on the part of the REA at the Federal level.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. ZIMMERMAN. The gentleman is making a very interesting statement. Can you tell us why the Committee on Appropriations brought an amendment here to the act dealing with the lending powers of the REA rather than submit that question to the House Committee on Agriculture which wrote the provisions providing how the loans are to be made and how the REA should get its funds?

Mr. WHITTEN. That is a rather difficult question to answer. The action of this committee does not reflect my own views. Apparently, it was believed that now is the time to act and that the majority members of the committee could do as good or even better a job than the folks on your committee. That is about the only way I can see it.

Mr. ZIMMERMAN. Did your committee find any reason why under the plan set up by the House Committee on Agriculture for the REA to obtain these loans and get money with which to operate they did not recommend to the Committee on Agriculture that this committee study the question and report the necessary changes back to the Congress for action?

Mr. WHITTEN. I wish to say with regard to that particular provision, doubtless it is an improvement over the former procedure, but in view of the history of the differences between the legislative committee and the appropriations subcommittee, certainly I think it would have been much, much better, instead of bringing it in in this way that appropriate action had been recommended to the gentleman's committee and acted upon by that committee.

I now yield to my chairman.

Mr. DIRKSEN. In direct response to my friend from Missouri, this matter was initiated by the Reconstruction Finance Corporation itself after a check with the Budget Bureau, the budget officer, and the Budget Division of the Department of Agriculture, for the reason that it would be far better to go directly to the Treasury with a consequent saving of three-quarters of 1 percent in administrative costs and thereby enable an economy of \$25,000,000 to be effected because it was not necessary then to cover the so-called 85 percent collateral clause in the basic law. That is the answer.

Mr. ZIMMERMAN. Does the gentleman mean to say that he encourages and favors representatives from the REA or any other Government agency coming before your committee?

Mr. WHITTEN. May I suggest that the gentleman referred to the RFC?

Mr. ZIMMERMAN. I am speaking now of the RFC or the REA coming before your committee and suggesting changes to be made in the basic law rather than to have these people come to the legislative committees of the Congress which were set up to do that job? Can you explain why you encourage that?

Mr. DIRKSEN. May I say to my good friend from Missouri that I encourage



everybody in government to come and see me individually or in my capacity as chairman if I think it will enhance efficiency and economy in government.

Mr. ZIMMERMAN. Then you advocate that all of these departments come to your committee and let you write the law with respect to these departments rather than to the legislative committees of this House. Is that what you are advocating?

Mr. DIRKSEN. That was not the gentleman's question in the first place. I encouraged those people to come, because I like to get these ideas that will give us sounder and more efficient governmental structure.

Mr. ZIMMERMAN. Will you explain again, are we to let people come to a star chamber session where the public is not invited, where nobody knows what is going on, and there formulate the policies of these agencies and departments of government, without anybody outside being advised about what is going on until this report finally comes out a day or two before the bill is up for consideration?

Mr. DIRKSEN. The gentleman's question is beautifully academic, because all hearings are closed in the Appropriations Committee.

Mr. ZIMMERMAN. Do you think, then, admitting they are all closed, that that committee should assume to take over the burden of the legislative duties of this Congress?

Mr. DIRKSEN. Definitely not, but may I remind the gentleman that every legislative proviso in this bill is coupled with an economy. That is the important point.

Mr. ZIMMERMAN. Then you can justify revising and revamping practically all of the legislative action of this Congress that has been had by its legislative committees? Is that right?

Mr. DIRKSEN. The gentleman knows the answer to that as well as I do. The answer is "No." It must be done within reasonable limits and with the proper restrictions.

Mr. ZIMMERMAN. I think this Congress should know pretty soon just how far the Appropriations Committee of the House of Representatives proposes to go when it deals with legislative matters.

Mr. DIRKSEN. The best answer is the history of the Appropriations Committee.

Mr. WHITTEN. May I state to the gentleman from Missouri that you have a perfect example of how far the committee will go in the bill now being considered.

Mr. ZIMMERMAN. There are five different provisions in this bill rewriting the law governing certain agencies and groups.

Mr. DIRKSEN. May I remind the gentleman that in other years, when your party was in power, the subcommittee used to come in here with a dozen or fifteen provisions in the bill. We have been very modest and restrained.

Mr. ZIMMERMAN. I will say to the gentleman from Illinois that he well knows, because he is a very able and efficient Member of this body—

Mr. DIRKSEN. I thank the gentleman.

Mr. ZIMMERMAN. The gentleman well knows the proposition was made that appropriations for certain things that were beneficial to agriculture would not be made, because there was no basic law authorizing the appropriations, and finally this House said that unless you have legislative action for these appropriations, we are not going to give them to you. The gentleman well knows that the House Committee on Agriculture went to the Appropriations Committee, of which you were a member, and asked for a list of the things that needed legislative support. The House Committee on Agriculture sat down and wrote a bill, containing, I think, 75 or 80 different provisions, every one you said was necessary to obviate a rule waiving points of order, and we passed that bill in this House. Yet, in spite of that fact, your committee comes back today in five different instances and seeks to place legislation on an appropriation bill, and even to amend laws which this Congress has written.

Mr. DIRKSEN. As a matter of fact, the Committee on Agriculture has not come to the present chairman of this subcommittee with any such proposal.

Mr. ZIMMERMAN. You were a member of that committee when we did it.

Mr. DIRKSEN. The instant chairman of the subcommittee has made specific recommendations to the chairman of your committee with respect to things that should be done. That is, they were informal, but they were specific, nonetheless.

Mr. WHITTEN. Mr. Chairman, I refuse to yield further. I have concluded that many of these differences are not going to be resolved, so we might as well proceed.

Now, with regard to the action of this committee, in several instances, certainly, I think we have broken faith with American agriculture. Only last year the distinguished chairman of this committee went on this floor and urged the farmers of this country to plant every available acre, he it thin, be it eroded, whatever its condition was; that the food situation in the United States and throughout the world was so deplorable that the farmers of this Nation should plant every available inch of ground they had into farm products, to help relieve this shortage. There the chairman said, when crops are produced, of course there is another element in there, and that is to conserve the soil:

I was a little hostile a few years ago, as you may remember, to the Soil Conservation Service, but the more I saw of the world, the erosion, the leaching process, in India, in Ceylon, north Africa, and elsewhere, where people have such difficulty in making subsistence, where people have to work from sunrise to sunset, I got a better appreciation as to what soil, one of the greatest assets of our country really means. So, soil conservation, and also the practice carried on under the Soil Service, and Domestic Allotments, are some of the top functions of the Department.

Then he goes on to urge the farmers to do everything possible toward production of agricultural products regardless of its effect on the soil.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. DIRKSEN. Will the gentleman tell them that the gentleman from Illinois has not changed his views about that matter, and then tell them also that they have over a hundred publicity experts in Soil Conservation, over 146 people doing personnel work; and that what the gentleman from Illinois wants to do is to eliminate a lot of waste and extravagance, and if he had had his own way he would have cut it half in two for the purpose of getting at this duplication and waste the gentleman from Illinois pointed out.

Soil Conservation has 12,000 people, the Extension Service has 11,000 people, the Farmers' Home Administration has 9,200 at the farm level. All of them were engaged in some kind of duplication.

Mr. WHITTEN. And the gentleman will admit that he refused and the committee refused to consider the consolidation of supervisory and administrative personnel in those respective agencies so as to get at the basic problem and thereby reduce the cost of the service instead of the service.

Mr. DIRKSEN. My good friend belabors me first because to bring about some economy there is legislation in the bill, and then he belabors me again by suggesting that we should rewrite the basic legislation of the agencies involved.

Mr. WHITTEN. What I am attempting to develop is that if he will study the basic legislation in each instance he will find how Congress has outlined the carrying out of the policy for which money is appropriated.

Mr. DIRKSEN. But the Committee on Appropriations could not break down these three large agencies.

Mr. WHITTEN. They could because no legislation is required. Certainly the gentleman would not insist that the Appropriations Committee could not strike out duplications which are not required by law. Then if he could bring a bill such as this which repeals certain basic legislation certainly the gentleman would not argue that such consolidations could not be made.

Mr. DIRKSEN. The gentleman certainly will argue it because you could accomplish it only by a bill making this coordination. The economies we have effected are so designed as not to impair the efficacy of the agencies affected.

Mr. WHITTEN. The gentleman from Illinois, I might say, is one of the most affable but one of the smoothest operators it has ever been my privilege to deal with.

Here is the fact about this matter of soil-conservation payments. It has been represented time and time again here that this is a payment to individuals, a direct grant from the Government to farmers. The distinguished gentleman from California took that view. I want to call your attention to the fact that these payments are based on and made available for certain work to retain or improve the fertility of land. The more land on which these improved practices can be carried out, the greater the expense to the farmers.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CANNON. Mr. Chairman, I yield the gentleman from Mississippi five additional minutes.

Mr. WHITTEN. The more land on which these practices are carried out, the more the expense is to the farmer. The farmer must spend on this land \$2 out of his own pocket for every one the Federal Government pays for such improved practices. The Federal Government says that for every \$2 he puts up the Federal Government will put up one because the Federal Government is interested in the fertility of the soil of this Nation. Each year when this appropriations subcommittee has met, since I have been a member of it, we have made the appropriations for the current year to pay for the Federal Government's contribution to pay for that work, which has been usually three times as much as the Federal contribution will pay for, and we announce the program for the next year. Now, the Department of Agriculture in times past has relied upon that announcement of the program for the next year. The triple-A committees meet that formula, announce what they want the farmers to do, each farmer paying two-thirds of the cost himself, and the farmers would act on it, would expend his funds, and then the succeeding year the Budget Bureau in several instances proceeded to cut down the amount of money necessary to carry out the Federal Government's commitment or to pay for the practices which have been carried out as announced through this committee the preceding year. Last year—I do not see any way in the world to get around this—as a commitment to the American farmer Judge Tarver said: "We are tired of this practice," and he offered an amendment fixing the program for next year at \$300,000,000. It is a floor and it is a ceiling and, he said, "I offer it so that there can be no misunderstanding of the situation." He said he had submitted it to the committee, which would include the gentleman from Illinois and my Republican colleagues on the committee, and stated, "I offer it as a committee amendment." The exact proceedings are as follows:

Mr. TARVER. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

"Committee amendment offered by Mr. Tarver: On page 48, lines 21 to 23, strike out all the language within the parentheses and insert in lieu thereof the following: 'amounting to \$300,000,000, including administration.'"

Mr. TARVER. Mr. Chairman, I am presenting for the consideration of the Committee of the Whole the question to which I made reference a few moments ago. That is, whether or not you are going to authorize for the crop-year 1947 program, \$300,000,000. I am presenting it in language which is so definite in character as to admit of no misconception. It is the time now to decide whether you want to reduce the 1947 crop-year program, not next year after the plans of the Department and those of State AAA authorities and the farmers have already been completed. If we want to reduce it, reduce it now and reject my amendment and offer some other amendment to indicate a lower figure.

But if you want to fix it definitely and in such form as to enable the farmers of the

country to rely upon it implicitly so that even the Bureau of the Budget cannot disregard it, then adopt the amendment which I have offered.

I may say that I have submitted this amendment to the members of the subcommittee and it is, therefore, offered as a committee amendment, since it met with their approval.

I hope the amendment will be adopted.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. TARVER. I yield.

Mr. POAGE. I wish to see if I thoroughly understand the amendment. The bill as now written puts on a ceiling of \$300,000,000 for next year.

Mr. TARVER. Exactly.

Mr. POAGE. As I understand it, if we adopt the gentleman's amendment we have in effect approved \$300,000,000 for next year without either putting it up or down; in other words, it is a kind of floor as well as ceiling.

Mr. TARVER. That is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 62, noes 19.

So the amendment was agreed to.

It will be noted from the CONGRESSIONAL RECORD that not a single objection was raised by any member of this subcommittee to this amendment nor to Mr. Tarver's statement. It may be stated without any chance of contradiction that the American farmer was told by the Congress, as was the Department of Agriculture, that \$300,000,000 would be used to pay the Federal Government's share of this program for this calendar year, funds for which are provided in this bill. Notwithstanding this commitment, notwithstanding the fact that the payments have already been earned, this bill reduces from \$300,000,000 to \$165,000,000 the sum available to meet this commitment.

This commitment was acted on by the Department of Agriculture, programs were announced providing for expenditure of these funds, and promises were made to the American farmer that if they would spend this money from their own pockets and do this work that the funds would be available. Now it is said that since the Republican members of this committee are faced with the necessity of cutting out essential money from this appropriation bill that in the announcement to the farmers a statement was made in fine print that insofar as money is available the money will be paid. I say to you, Mr. Chairman, this language meant that if the farmer signed up and spent his money in such program so that the Government's one-third would be more than \$300,000,000 that, of course, the farmer knew he would not be repaid except the pro rata share of the \$300,000,000 to offset the cost which he had been put to in carrying out such programs. Certainly there can be no more definite showing where agriculture and the farmers of the Nation stand with the Republican Party than in this absolute failure of the Republican Party to carry out this commitment, as I have heretofore described.

There is one other thing here which I think is deplorable, and that is the repeal of section 32 funds. Throughout

the years we have through high tariffs protected those in the industrial fields. We have enacted the minimum wages and hours law, and as long as organized labor can protect itself through the power of its bargaining, just so long it is going to be necessary to provide some protection to those who happen to be engaged in agriculture in this country. We must do that.

Under section 32 of the Agricultural Adjustment Act 30 percent of the customs revenue that this Government collected because it let competitive agricultural commodities come into this country to help handle the surpluses that might grow up in this Nation is set aside for agriculture to handle surpluses. I say to you in the last 10 years funds from section 32 have been used to bail out, true, the farmers in my cotton South, but if you will study the record you will find this is not a local problem or that local groups have received the major part of the benefits. It has spread over the entire United States of America.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. CANNON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WHITTEN. Mr. Chairman, may I point out to you that in the last 10 years these funds which under the basic law belonged to agriculture have been used to bail out the wheat farmers in the West, it has been used to bail out the fruit producers in the country of the gentleman from California. These funds have been used for the following purposes:

To help the producers of poultry product, \$81,699,000.

To help producers of fruit, \$146,016,000.

For producers of grain, \$180,610,000.

For the dairy farmer, \$125,097,000.

To move surplus cotton, \$154,080,000.

For producers of meat and meat products, \$71,872,000.

For the growers of nuts, \$25,195,000.

To move surplus tobacco, \$10,424,000.

To purchase vegetables from distressed vegetable producers, \$120,896,000.

To the growers of miscellaneous crops, \$19,745,000.

To provide cheap milk and lunches for the school children of America, \$204,312,000.

The deplorable thing about this situation is that the gentleman from Illinois has never had any sympathy with this basic legislation and has so expressed himself time and time again that they should come to the Appropriations Committee for appropriations and they should not be entitled to these funds which come in because foreign agricultural products are allowed to compete with the products of American agriculture.

I say that if in this bill they are permitted to repeal section 32, the tragedy of it is not only that you will have to go before the Appropriations Subcommittee on Agriculture for appropriations to try to carry on this very wonderful work, but in view of the attitude as shown herein in regard to agricultural appropriations and as today expressed in this agricultural appropriation bill, you can tell in advance what the outcome is going to be when you go before



that subcommittee, and I say to you that these funds under the basic law belong to agriculture and should be set up on the books to their credit and they should be made available in the years to come when they are going to have surpluses so that those surpluses will not pile up to destroy the market of the American people.

I would like to point out one other thing to you gentlemen, that while on the face of it it may look like you are saving money, and it may be that you can claim credit for having saved it and that you can use it for this tax reduction bill that you want to pass, but I will say as long as you have the Commodity Credit Corporation and as long as you guarantee a loan on the purchase of commodities at 90 percent of parity, I say a removal of section 32 funds may result, Mr. MURRAY, in the Government purchasing more and more and more of the surplus products of this country and in effect cost your Government money instead of saving money, and I believe that is a sound analysis of what this action may mean.

We, in Congress, must realize that although it is the declared objective of the Federal Government to complete the job of rural electrification, the Federal Government does not build and operate lines, it merely guides and stimulates local groups who are accomplishing this stated national objective. There is no way to force the local REA already operating to extend its lines. Those of us in Congress who have maintained close touch with the rural-electrification program know, however, that there exists between the REA and its borrowers a close, cordial, cooperative relationship which is bringing rural America closer and closer to the realization of that objective.

The committee has recommended provision of \$225,000,000 in loan funds for fiscal 1948. While I commend this action, I am forced to point out that this provision loses much of its value unless we equip REA with the funds it needs to carry on its work. The committee proposal to reduce drastically the REA administrative fund would require substantial abandonment of the established, proven pattern of operations, and would seriously curtail the program of taking electricity to all farm people in the quickest, most efficient manner possible, and, even more important, on a self-liquidating basis.

I hope that you will support our amendment to restore these funds and assist us in seeing that the REA program is not retarded.

One of the great legislative acts passed by this Congress was the Hope-Flanagan Act providing for research in the field of utilization and marketing of Agricultural products. Under this bill the sum of \$9,500,000 was authorized for research in the field of marketing and utilization of products for the fiscal year 1947; and the sum of \$19,000,000 was authorized for the fiscal year 1948, the year for which this present appropriation is being made. No funds were secured for the present year and thus under the authorizing legislation \$19,000,000 is authorized available for the next year for

this great field. As I have stated back in February it was announced by the leaders of this subcommittee that it was believed that we could get by without appropriating any funds for the next fiscal year. However, so many people were interested and the reaction to such statement was so great that the majority members of the committee finally appropriated \$6,000,000 for this research program. This is a great deal better than no funds at all but it is my belief, Mr. Chairman, that in view of the splendid results we have gotten for the funds expended in research for production that certainly \$9,500,000 should be made available for this program and at the appropriate time we plan to offer an amendment to increase this appropriation by \$3,500,000. Certainly in the years ahead I want it to be said that we clearly foresaw that there would be surpluses of agricultural products and that we as a Congress had tried to learn new uses for those products and learn how to market those products to the best advantage. I am afraid that the majority members of this committee will in the years to come have cause to regret their failure to make adequate provision for this program.

Mr. Chairman, a review of this bill will show that regardless of what the Republican members of the committee may say, the only reduction in personnel required is a limit that may be placed on people in information services, where the total is fixed at 250.

Mr. Chairman, of the \$381,000,000 reduction provided in this bill, I subscribe to much of the reduction if it were properly applied instead of left to the Department. However, there are some programs vital to the welfare of agriculture that are eliminated, some practically ruined and others drastically reduced. Of course, I do not subscribe to such action.

In at least five particulars this bill is short-sighted and almost tragic, and at the proper time we expect to offer amendments to correct such provisions.

First. Section 32 of the laws of 1935, as amended, is repealed for 1 year.

Second. Soil-conservation payments are cut almost in half—after they have been earned and in direct violation of the action of this Congress last year.

Third. The administrative funds of the Rural Electrification Administration are reduced by one-third.

Fourth. Inadequate funds are provided for research in utilization and marketing of agricultural products.

Fifth. The tenant-purchase funds of the Farmers' Home Administration are completely eliminated and funds so essential for administering the \$800,000,000 now owed is drastically reduced below the point of good business.

Gentlemen, when this rule was adopted this morning, my friends on the left determined that they were going to let the most affable, the most able and one of the smoothest men I ever knew, with whom it is a pleasure to serve, determine the agricultural policy of his party, and I say in this bill he is doing a mighty good job of determining it, and if these provisions that are legislative stay in this bill, he has done a good job of saying

today that agriculture is not in the bag for the Republicans but that the farmers of this Nation must look to the other side of the aisle for protection as they have learned they had to do in the past few years. It has made me realize the importance of having the Democratic Party in power as much as I have opposed some of its policies, because there agriculture and the people engaged in the industry stand high in the party councils and they will never be sold short as is being done here today under this bill.

Mr. PLUMLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Chairman, I surely do not care to get into a political agricultural argument. It takes me most of my time to keep out of them. I had a memorandum prepared and intended to give it as a 1-minute speech this morning. The heading is, "Steagall support prices are the bills of rights for the American farmer." After what I have heard today, I am not too sure that we should talk about agriculture. We should probably inject politics along in with it. There is too much politics and not enough agriculture in the air here today.

I take the position that so far as agriculture is concerned it has not been on a parity-income basis since 1922, and that things were not too rosy, the seventh year of the more abundant life or in 1939. I claim that the agricultural prices for 1939 show that we were just about in the same position in 1939 as we were in 1932, the year that is so dear to our friends' hearts. With that in mind I have taken a page out of the August 1939 Agricultural Prices. This indicates that they are absolute facts and authentic.

What do I find? I find that in August 1939 this seventh year of the more abundant life, when wheat was 54 cents a bushel, they were paying 27 cents-per-bushel export subsidy to get rid of it. Wheat was only 49 percent of parity the seventh year of the more abundant life. Corn was 57 percent of parity, and rye was 38 percent of parity. Well, of course, they helped the rye business along quite a little because at a time when rye was bringing 58 percent of parity they lowered the duty by 20 percent and put an embargo on wheat. I do not know how anybody in the South or anybody else can be satisfied with the price set-up in 1939 so far as agriculture is concerned. Here is cotton bringing 56 percent of parity or 8.6 cents a pound. In other words, my contention is, regardless of the 28 bills that our distinguished colleague from Michigan [Mr. CRAWFORD] says have been passed in the name of King Cotton, that the Steagall amendment fundamentally, is really the farmer's bill of rights. Day after day it grieves me to see the support program so badly administered. If this support program is not administered with common sense, yes, and nonpolitically and nonsectionally, public opinion will bring it to an end in spite of what its supporters may wish.

The Steagall amendment was not necessarily a political, partisan affair, either, because that amendment had rather

unanimous support, as the gentlemen from Michigan [Mr. WOLCOTT and Mr. CRAWFORD] and the gentleman from Wisconsin [Mr. HULL] can verify. I think once in a while it might be well for our colleagues to remember that pretty much of the agriculture of this country centers around Chicago as the capital, and that a dozen States around Chicago do a large share of the food producing that is going on in the United States. Outside of Texas and California, there are very few States that can or do feed themselves.

I do not care to get into the political part of it, as I say. We can talk about giving a man \$4 for a soil check or \$7 for one, but, after all, what makes the difference is what he gets at the end of the month for his milk check or at the end of the season for his tobacco check, or what he gets for the produce he sells from his farm. That is a farm program a farmer understands and appreciates.

With all these glowing tributes that have been given to the present administration, I should like to call your attention to the fact that right today milk prices in my State have gone down 40 percent. Why is this, and why has this

been allowed to happen? I have not seen anybody worrying about that. My contention is that the support price for milk and some of its products are not being supported in keeping with the Steagall amendment nor its intent.

If we can get the Commodity Credit Corporation and get the people in the high places to really support legal, lawful price—and I might say the record of this administration has not been too good in the past in connection with the Steagall amendment—many of the worries of American agriculture will be eliminated. It is not any wonder that pork is high when in 1943 and 1944 they let hogs sell below 60 percent of parity, contrary to law. They let eggs go much below 90 percent of parity. I say as far as agricultural production is concerned we have to live up to the support price as provided in the Steagall amendment. That is No. 1. That, together with the high rate of employment in the United States, is the best agricultural program this country has had or, in my opinion, ever will have.

My memorandum and official table are:

#### STEAGALL SUPPORT PRICES ARE THE BILL OF RIGHTS TO THE AMERICAN FARMER

Mr. Chairman, the agriculture prices from 1930 to 1940 were very low. By 1939, the seventh year of the more abundant life, the whole agriculture program had bogged down in spite of the billions of dollars that had been spent on a few crops representing less than one-third of American agriculture. With 10,000,000 people still unemployed, the relationship between the pay rolls of the country and agriculture prices was most apparent.

The greatest influence on farm prices in America today and yesterday is and was the size of the pay rolls of the Nation. Satisfactory agricultural prices require high employment at good wages.

The war not only put the labor in the factory to work, but also the labor on the farm to work as well. The war prevented the huge losses that the CCC was apparently going to face.

The following page from the official Agricultural Prices of the United States Department of Agriculture indicates what agriculture prices can be expected with an unemployment list of 10,000,000 in our country.

United States Department of Agriculture—Agricultural Marketing Service—United States prices received by farmers, percentage of parity<sup>1</sup>

Commodity	1938					1939							
	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Wheat.....	45	47	46	46	48	51	51	51	52	57	56	50	49
Corn.....	60	59	51	49	53	56	54	55	56	60	62	59	57
Oats.....	40	43	44	44	49	52	52	53	54	59	59	53	51
Barley.....	44	45	46	44	47	49	48	49	49	50	51	46	45
Rye.....	35	35	36	35	36	38	37	36	36	40	43	38	38
Buckwheat.....	71	64	59	58	58	58	59	60	59	60	61	61	60
Flaxseed.....	72	74	76	74	77	80	76	77	77	75	76	65	64
Rice.....	61	54	57	60	61	62	64	62	61	62	61	59	57
Cotton.....	52	52	54	54	53	53	53	53	52	54	56	56	53
Cottonseed.....	75	74	78	81	81	81	79	81	81	80	80	73	58
Potatoes <sup>2</sup> .....	61	55	59	63	72	75	76	76	88	75	71	89	81
Sweetpotatoes.....	78	65	57	53	58	63	66	67	68	71	73	75	83
Peanuts.....	56	52	52	54	55	57	57	57	57	57	57	56	56
Apples.....	62	64	65	76	75	78	79	81	83	84	84	74	55
Butterfat <sup>3</sup> .....	77	75	72	71	75	72	74	66	64	68	72	71	73
Chickens.....	98	99	94	94	94	97	99	99	100	97	93	95	92
Eggs <sup>3</sup> .....	89	90	83	74	68	25	61	79	79	76	74	70	75
Hogs.....	85	88	79	79	76	76	79	78	72	70	65	69	61
Beef cattle.....	96	98	96	95	98	102	105	107	108	108	104	102	100
Veal calves.....	93	97	97	96	95	98	103	102	99	97	94	95	96
Lambs.....	88	87	86	92	96	99	100	100	106	108	101	99	95
Tobacco: <sup>3</sup>													
Flue-cured.....	104	115	136	104	97	79		42					92
Fire-cured.....					93	79	75	75	58	75			
Burley.....					116	108	87						
Maryland.....	117	86	71	63	81		49	39	49	134	123	110	118
Dark air-cured.....					98	89	64	81					
Cigar-leaf.....						124	127	86	80	109	107		
Hay.....	45	41	45	45	46	45	47	45	45	45	44	45	46
Wool.....	84	81	85	88	87	87	87	87	85	91	95	94	96

<sup>1</sup> Subject to revision: Indexes based on revised series will be published currently beginning later in the year.

<sup>2</sup> Base prices are averages for the crop years 1919-28. Taxes and interest not considered in determination of parity prices of commodities when using postwar base.

<sup>3</sup> Adjusted for seasonal variation.

Since then the Steagall support program has been put in operation and the most important farm crops and products do have or are at least supposed to have the support guaranteed by law.

The Steagall support is really agriculture's bill of rights. The agriculture bill of rights guaranteed by the law of the land should come first, before any group asks to get a chance to pass their tin cups around and ask for special favors.

Mr. PLUMLEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I have asked for this time in order to put in the RECORD some information with ref-

erence to the use of section 32 funds. There seems to be some misunderstanding about the purposes for which section 32 funds may be used and for which they have been used in the past. Particularly there seems to be the thought in the minds of some Members of Congress that the funds of the Commodity Credit Corporation may be used for exactly the same purposes as section 32 funds.

I have before me a letter signed by the Under Secretary of Agriculture, written at my request, outlining what the effect would be as far as programs during the coming year are concerned if section 32 funds are rescinded as pro-

vided in this bill. The letter reads as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D. C., May 27, 1947.  
Hon. CLIFFORD R. HOPE,  
Chairman, Committee on Agriculture,  
House of Representatives.

DEAR MR. HOPE: This is in response to your inquiry concerning the effect of the rescission of section 32 funds for the fiscal year 1948 upon the continuance of the programs this Department has been conducting with section 32 funds.

We wish to make it clear to the Congress that if section 32 funds are rescinded for the fiscal year 1948, the Department's programs for the purchase and disposal of surplus agricultural commodities—other than the Steagall commodities for which price



support is mandatory—will be discontinued. The most effective outlet for perishable commodities is by donation to welfare agencies and school-lunch programs. Such donations are specifically authorized in carrying out section 32 programs. Commodity Credit Corporation, however, has not been expressly authorized by the Congress to dispose of perishable commodities by donation to relief agencies and school-lunch programs. In fact, the corporation has not throughout the history of its operations ever made donations of commodities acquired by it. The Commodity Credit Corporation operations have in the main been restricted to storable commodities which can be carried through periods of surplus production for marketing at times when supplies are not in surplus. For this reason, Commodity Credit Corporation has not, except where the program was mandatory, carried out price support operations with respect to nonstorable commodities.

In the circumstances Commodity Credit Corporation would not feel warranted in undertaking perishable commodity programs which would involve virtually a total loss of the amount of money expended without express prior authorization of the Congress.

Sincerely yours,

N. E. Dodd,  
Under Secretary.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. MURRAY of Wisconsin. I have never been able to keep track of these section 32 funds very well. I would like to know who determines when, how, and why they are to be used the way they are.

Mr. HOPE. Under the provisions of the law it is left to the Secretary of Agriculture to determine whether the funds or any part of them are to be used for the particular purposes that are set out in the law.

Mr. MURRAY of Wisconsin. He has the decision as to where and what foods are bought? Is that right?

Mr. HOPE. Yes; within the limits of the law.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. WHITTINGTON. As the gentleman has well pointed out, section 32, as we refer to it and as the gentleman has referred to it, is a continuing appropriation, and as such permanent law it is related to other programs that are authorized, including the legislation authorizing the imposition of import quotas and export subsidies. But to justify the imposition of import quotas or export subsidies, there must first be a program, and without section 32 funds in the case of wheat and corn and many other commodities, no program is authorized by any other law. So it is essential for a program to be authorized if section 32 is to be eliminated and section 32 is essential to be continued if there is to be a program for cotton, wheat, corn, and other similar products.

Mr. HOPE. Yes; I agree with the gentleman.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. PLUMLEY. Mr. Chairman, I yield five additional minutes to the gentleman from Kansas [Mr. HOPE].

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. MURRAY of Wisconsin. As I understand, they use these funds and they get new uses for agricultural products. Is that right?

Mr. HOPE. That is one of the purposes for which the fund may be used.

Mr. MURRAY of Wisconsin. And it is not only on an experimental basis, but they are making a business out of it; is that right?

Mr. HOPE. Yes; I think that is a fair statement.

Mr. MURRAY of Wisconsin. Is it not a fact that Mr. Ford, for example, uses an average of 32 pounds of cotton bolls in each car and he gets 4 cents a pound subsidy? He is getting a \$1.28 subsidy on every car that he produces. That has been set up as a permanent program and has been in operation for several years.

Mr. HOPE. There is a program to utilize low-quality cotton. I presume that is the program to which the gentleman refers.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I am glad to yield to the gentleman.

Mr. CARROLL. Will the gentleman give his opinion on the effect of these cuts in appropriations on the land-grant colleges and the Hope-Flannagan bill? I have a communication from the Colorado State Agricultural College in which they have indicated to me that the Colorado Legislature has appropriated its share of the fund for the Hope-Flannagan bill. I wonder if you have had an opportunity to analyze what it will mean to the land-grant colleges and to the Hope-Flannagan bill generally.

Mr. HOPE. I am up to date on what the various States have done toward meeting the matching requirements. Some of the State legislatures are still in session. Others have recently adjourned. So I am not familiar with what has been done. Of the \$6,000,000 that was appropriated, \$3,000,000 has been appropriated specifically for the purpose of going to the State experiment stations, to be matched by the States. I do not know whether the States have provided more money than is sufficient to match the Federal funds or not. I have no information on that point. I might say to the gentleman that I am somewhat disappointed that the bill does not provide at least \$9,500,000 which would be the first year's increment of funds under this measure, but I believe that with the \$6,000,000 appropriation a start can be made in this program, which I firmly believe is one of the most important that has ever been undertaken in the field of agriculture.

At this point, Mr. Chairman, I want to outline the purposes for which section 32 funds are available and to point out some of the ways in which they have been used in the past:

The funds appropriated by section 32 are available, first, to encourage the exportation of agricultural commodities and products thereof by the payment of benefits or indemnities; second, to en-

courage the domestic consumption of such commodities or products by diverting them from the normal channels of trade and commerce or by increasing their utilization among persons in the low-income groups; and, third, to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

The act of June 28, 1937, as amended—Fifteenth United States Code, 1940 edition, supplement 5, 713c—provides that in carrying out clause (2) of section 32, that is, encouraging domestic consumption by diverting from the normal channels of trade and commerce, agricultural commodities and products thereof may be purchased and donated for relief purposes. Section 9 of the School Lunch Act authorizes the donation of commodities purchased with section 32 funds to schools carrying out the school-lunch program or other institutions authorized to receive such commodities.

Under section 32, programs have been carried out for the purchase of fresh fruits and vegetables and other perishable agricultural commodities where such action was necessary to relieve price-depressing surpluses or to carry out the obligation of the Department to support the price of such commodities under the so-called Steagall amendment. The authority and funds provided by section 32 are used in such cases, because the most effective means of disposing of the commodities was by donation for relief purposes and to the school-lunch programs which is expressly authorized by the act of June 28, 1937, as amended, referred to above. As a general rule, surplus-removal programs with respect to perishable commodities are undertaken only where a known outlet exists, such as the school-lunch program, welfare agencies, and so forth. During the fiscal year—1947—approximately \$20,000,000 worth of surplus vegetables alone have been purchased with section 32 funds. It is true that large surpluses, such as occurred during the late thirties, do not exist at the moment which need to be removed from the market. It is not possible, however, to accurately predict when surpluses may arise. Thus there existed even during the most critical period of food shortages in this country during and after the war local gluts of agricultural products, particularly perishable, such as green beans, spinach, cabbage, carrots, citrus, and other fruits. These local surpluses were removed with purchases made from section 32 funds. The Department was not only able to afford farmers in the local surplus areas badly needed price protection, but was also able to save badly needed food, which otherwise would have been wasted, by donating such food to welfare agencies and the school-lunch program.

Commodity Credit Corporation has not been expressly authorized by the Congress to donate commodities for relief purposes or to the school lunch program, and the Corporation has not during the 14 years of its existence ever made any such donation. In fact, Commodity Credit Corporation is expressly prohibited by law from

disposing of any commodity below parity except under specified circumstances. In the case of a nonperishable commodity, sales below parity may be made if the commodity has substantially deteriorated; in the case of a perishable commodity, sales below parity may be made where there is danger of loss or waste through spoilage. In certain circumstances it may be difficult to determine that there is danger of loss or waste through spoilage so as to authorize CCC to dispose of perishable commodities below parity.

Inasmuch as CCC lacks express statutory authorization to make donation of perishable commodities and has not during the entire history of its operations ever made such donations, the rescission by Congress of the funds and authority which have been used for the purchase of surplus perishable commodities which can effectively be disposed of through donation to welfare agencies and schools would seem to indicate that Congress intended that such operations, where they were not mandatory, should be discontinued until section 32 funds and authority were restored—even assuming the existence of technical legal authority in CCC to purchase perishable commodities to support the price.

The rescission of section 32 will also force a termination of the Department's marketing abundant foods program, marketing-facilities program, and food-preservation program, which are carried out with such funds. Under the marketing abundant foods program the Department has encouraged the domestic consumption of surplus agricultural commodities by seeking to increase the marketing of such commodities through the usual food outlets, such as retail grocers, restaurants, hotels, and so forth. Under the marketing-facilities program the Department has sought to increase the domestic consumption of agricultural commodities by assisting in the development and improvement of marketing facilities in order to speed the flow of agricultural commodities from the producer to the consumer. Under the food-preservation program the Department has provided technical assistance and has promoted the canning of millions of cans of fresh fruits and vegetables during the periods of peak production, which would otherwise have been wasted.

Section 32 funds are used to pay export subsidies. While CCC has the authority to dispose of agricultural commodities or cause them to be disposed of at competitive world prices, its export programs have related to the disposition of stocks of commodities acquired by the Corporation in connection with its support-price operations. CCC does not have any stocks of cotton available to conduct an export program. Section 32 funds are used where the program does not relate to stocks of cotton held by CCC and a direct subsidy payment is involved.

The act of August 11, 1939—Fifteenth United States Code, 1940 edition, 713c—authorizes section 32 funds to be used for the purpose of diverting surplus fishery products from the normal channels of trade and commerce by acquiring them

and provides for their distribution through these channels. That act also authorizes the transfer from section 32 funds to the Secretary of the Interior for use in promoting the free flow of domestically produced fishery products in commerce by conducting a fishery educational service, and to develop and increase markets for fishery products of domestic origin. The rescission of section 32 would terminate these fishery-product operations.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman from Kansas yields back 2 minutes.

Mr. CANNON. Mr. Chairman, I yield to the gentleman from Missouri [Mr. ZIMMERMAN] such time as he may desire.

Mr. ZIMMERMAN. Mr. Chairman, the action of the Committee on Appropriations in reporting to the House, H. R. 3601, a bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, came as a distinct shock to the House Committee on Agriculture, of which I have the honor to be a member, to the farmers of America and to the friends of agriculture.

I am in complete agreement with those who believe that the time has come to practice real economy in government, that a reduction in personnel in the various departments, including the Department of Agriculture, should be made wherever possible and that duplication of work, wherever possible, should be eliminated. However, no one expected the Committee on Appropriations to recommend the drastic, devastating cut of 32 percent for a department which serves the farmers of this Nation. I am sure that no such recommendation has been made for other departments in the Government.

The report of the committee on this bill is indeed very interesting and would indicate a purpose or a policy to reduce the Department of Agriculture to its status when set up in 1862 by a bill passed by Congress and signed by Abraham Lincoln. As an example of the declared policy of this committee, whose sole purpose is to appropriate money, I refer to a statement on page 5 of this report which is not only illuminating but which expresses the attitude of the party in power and this committee which is controlled by that party where it says:

As we give thought to such a problem as soil conservation and to the saving of the surface of our land from the influence of erosion, we also have the responsibility of pursuing those policies which will prevent the erosion of that rugged individual character which has made the American farmer the greatest producer of agricultural commodities at any time or in any nation in the world's history.

What the committee meant by the term, "erosion of that individual character," it is a little difficult to understand in the light of the words which follow.

Just in what way is the American farmer being eroded, or in what way has he been eroded? We all remember the plight of agriculture back in the years of 1930, 1931, and 1932 when the Ameri-

can farmer was reduced to a state of poverty and bankruptcy. Farm prices were so low that he could not pay interest on his loan, pay the taxes against his land, or support his family.

Under the operation of the political party in power and the high protective tariff which that party sponsored and relied upon, the American farmer at that time truly represented a badly eroded individual. When the Democratic Party came into power in 1933, the first efforts of the administration were to do something for the American farmer. Legislation was enacted and has been enacted since that time to give the farmer a fair price for his commodity, to conserve and build up his soil, and enable him and his family to live in a fair state of decency and comfort. If a program which has brought these benefits to the American farmer is regarded as "the erosion of that rugged individual character," then I am sure the farmers of this country are not in agreement with the policy announced by this committee.

I opposed and voted against the rule adopted by the House today because I felt the adoption of such a rule would enable the Committee on Appropriations to further violate the rules of this House which prohibit the Appropriations Committee from legislating on an appropriation bill. The duty of recommending basic legislation for various objects and purposes is vested in the various legislative committees of the House and the sole duty of the Appropriations Committee is to appropriate money for the objects and purposes authorized by Congress. In this bill, the Appropriations Committee has gone out of its way to legislate on an appropriation bill—some of the most glaring being a virtual repeal of section 32 of the AAA Act passed by Congress more than 10 years ago; a drastic change in the present law providing for the inspection of meat; a change in the law passed for the operation of the Farmers' Home Administration; and a change in the basic law dealing with the operation and financing of rural electrification cooperatives. Under the Reorganization Act adopted by Congress last year, it was made the duty of the Committee on Appropriations to recommend to legislative committees changes in the basic law in connection with matters about which the Committee on Appropriations was called to act. I submit that no recommendation was ever made by this committee to the House Committee on Agriculture in order that they might take whatever action might be deemed necessary for the amendment or modification of these acts. If this practice is to be tolerated by this House, then the legislative committees of Congress might as well dissolve and their members give their time and attention to other congressional duties.

One of the greatest aids to agriculture in recent years was the enactment of section 32 of the act of August 24, 1935. The reasons for the enactment of section 32 is well understood. Under the tariff laws which our country had operated, the farmer was compelled to sell his



products on a world market at world prices, while he was compelled to buy the things he needed for himself and family and in the operation of his business upon a protective market. In order to place the farmer in a comparable position with industry which enjoyed a protective tariff, it was considered just and fair that a part of the custom receipts should be set aside to stabilize and support agriculture commodities and thereby benefit the American farmer. Under section 32, 30 percent of our custom duties are set aside for what is termed a permanent appropriation for use by the Secretary of Agriculture in disposing of farm surpluses, encouraging domestic consumption and for other highly beneficial programs for agriculture. This act has been in force for more than 10 years and literally millions of dollars have been spent in aid of American agriculture. By its action, this committee seeks to take this fund from the Secretary of Agriculture and to deprive him of the uses for which the fund was created. To permit this to be done would certainly start a real erosion of the American farmer.

In the short time at my disposal, I would like to call attention to one more act of this committee which I think renders a distinct disservice to American agriculture. We all know that our soil is one of our Nation's most valuable resources, and its conservation should be one of the chief concerns of our Government. Since this program was inaugurated, we have made great progress, and we are now beginning to reap dividends from the investment made in this program. The great pity is that we did not embark upon such a program sooner. To stop spending money for the strengthening of our soil is a good deal like stopping medicine and food for a sick man, and I shall support an amendment to this bill at the proper time and place to provide adequate funds for this program.

Mr. Chairman, rural electrification has done more to brighten the homes of rural America than anything Congress has ever authorized and set up. The farmers of our Nation want and need this service and no reduction should be made for the support of this program. Our cooperatives have made prompt payments on all loans granted them for the establishment and expansion of this program, and we should make available the necessary funds to give the farmers of America this service at the earliest possible date.

In conclusion, Mr. Chairman, I would like to call attention again to the action of this committee in regard to our school-lunch program set up by Congress last year. Strong people as well as strong and fertile land make a strong nation, and no program inaugurated by this Congress has done more to build a strong, healthier citizenship than has our school-lunch program. I recall that during the consideration of this bill last year General Hershey, head of the Selective Service, stated that more than 40 percent of the young men of our country who were called to serve our country during World War II were found physically unfit for duty due largely to malnutrition during childhood and youth. Money invested in building a strong, virile manhood and

womanhood is money well spent and is in reality an investment for the future. At the proper time and place I shall support an amendment to this bill to increase the amount recommended for this program, which is a serious reduction over the needs, and also to eliminate the restrictive language that has been coupled with the meager appropriation made by this committee.

Mr. CANNON. Mr. Chairman, I yield such time as he may require to the gentleman from Georgia [Mr. Brown].

Mr. BROWN of Georgia. Mr. Chairman, I wish to call attention to several provisions of this bill which would be detrimental to the welfare of American agriculture. The provisions are those relating to soil conservation, the school-lunch program, price supports and surplus removal, rural electrification, and loans to small farmers.

Soil conservation takes a double blow in this bill. The first is aimed at the agricultural-conservation program, and the other is directed at the work of the Soil Conservation Service.

In passing the Department of Agriculture appropriation bill for the fiscal year 1947, the Congress clearly pledged farmers a \$300,000,000 agricultural-conservation program for this year. The language of the bill and the debate on it, March 8, 1946, permit no doubt of that fact.

The bill this year would repudiate that pledge and cut payments to farmers nearly in half. This action comes after—not before—a majority of farmers have carried out the practices for which payments are authorized. How can the Department of Agriculture handle this situation? It cannot do so fairly. It can pay on a first-come-first-served basis, which is unfair. Or it can try to collect part of the payments already made—in other words, put those farmers on the debt register.

The bill goes further. It would kill the program completely at the end of this year, repudiating the accepted principle that the public shares responsibility with the farmer for bearing the cost of conserving the soil resources on which civilization depends.

Let it be known, too, that killing the ACP wipes out the elected, nonpartisan farmer-committee system which helps formulate and administer agricultural programs. This weakens the commodity loan system and other programs. The Nation will thus lose an important means of achieving economic democracy. I plead with the House to keep its pledge for this year and to maintain the ACP next year at the level recommended by the President.

As if the blow at the agricultural conservation program and the farmer-committee system were not enough, the bill takes another cut at the Nation's soil-conservation effort. By cutting down the Soil Conservation Service, it will reduce when it should increase the value of the soil-conservation districts which the people have set up under State laws in every State of the Union.

They have gone through the long and often tedious legal process of establishing more than 1,800 soil-conservation districts because they want to do an

effective job of soil conservation. The farmers run these districts themselves.

Almost every one of these districts has asked the Soil Conservation Service to provide it with technical assistance. The farmers recognize that expert assistance on an acre-by-acre basis is essential if we are to get permanent conservation. They want it. They ought to have it. They know they would not be faced with the terrific soil-erosion problem they face today if they had had this kind of expert help in the past.

If we cut the funds for the SCS, we are cutting down the scientific assistance to the farmers in soil-conservation districts. Some of the new districts will probably get no help at all.

I cannot believe this House wants to reduce this scientific and widely praised soil-conservation work. I hope this House will allow the full budget estimate of \$44,860,000 for the Soil Conservation Service.

What the bill does to the school-lunch program is to reduce by considerably more than 50 percent the nearly \$63,000,000 allocated to the States for food purchases this year. It also changes the matching provisions so that many States might not be able to receive the full amounts provisionally available for them under the new appropriation proposal. Payments by those children who can afford to pay for their share of the lunch costs could no longer be included in the totals of State "matching" money.

In some States, the amounts that would be available for school-lunch operations next year would be so small as to raise serious doubts about the continuance of the program on any basis.

Now a word about section 32 funds. Elimination of these funds, the equivalent of 30 percent of the previous year's customs receipts, would deprive farmers of protection against emergency situations in various commodities.

We need these funds to deal with local surpluses of perishable commodities, such as fruits and vegetables. We have such local surpluses somewhere every year. We have some now. We will have more. Without section 32 money, it would be impossible to put a practical floor under temporarily glutted fruit and vegetable markets.

The Government should have continuing access to these funds so as to make exports possible when certain farm products otherwise will not move in world trade. The funds have been invaluable in eliminating the cotton surpluses, for example.

We especially need to maintain section 32 in order to cushion the impact of price-depressing factors on the farm economy. We also need it in developing new uses, diverting some products to byproduct uses, and in getting supplies of food and fiber to the needy.

In the rural electrification field, the effect of the bill can be stated very clearly and concisely. It would deprive 135,000 farm families of electric light and power they could just as well have in the year ahead. This would be the direct effect of the bill in decreasing the funds which REA needs to do engineering and other work which must precede the extension of power lines. Do not slow

down or stop this service which is second in importance only to the RFD service to the farmers.

The committee bill is especially hard on the small farmer who is short on resources. In calling for complete elimination of direct loans for farm purchase, the bill would order that deserving and qualified applicants—including veterans—be denied the opportunity to buy farms of their own. The demand for these loans has increased steadily, especially from veterans. On December 31, 1946, applications from 36,340 veterans were on file, as compared with 7,705 on the same date a year earlier. By denying these loans, the Department loses an effective weapon against farm land-price inflation, since these farms are purchased on a long-time earning capacity appraisal. And the bill would completely nullify section 505b, Public Law 346—the GI bill of rights.

The bill also would reduce funds for production and subsistence loans by \$30,000,000. This means that many eligible applicants, including veterans, would be denied the only source of credit suitable to successful operations on their farms. With loan funds exhausted in most States, 14,600 of the veteran applications are still on file. To date, loans have been made to approximately 50,000 World War II veterans, and it would be discriminatory to refuse similar aid to other veteran applicants who filed too late to receive aid from past appropriations.

The committee bill would reduce funds for salaries and expenses by \$12,000,000 and thus reduce the technical assistance to borrowers that frequently spells the difference between success and failure on these loans. There are now 1,200,000 borrowers with outstanding accounts of \$700,000,000. FHA would have to close about 575 county offices, and increase the workload of remaining county personnel beyond the point where adequate assistance can be rendered borrowers.

I could cite other faults in this bill including the failure to provide funds to put into effect the scientific approach to the problems of distribution authorized by the Research and Marketing Act. However, this is merely a failure to advance the cause of agriculture and the general welfare whereas the cuts I have discussed represent absolute regression—positive detriment to American agriculture. The bill as it stands provides for an appropriation that is too low and a cost that is too high for the Nation to afford. I plead with you: Do not start us back on the road to soil destruction and depression.

Mr. CANNON. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. EVINS].

Mr. EVINS. Mr. Chairman, the appropriation bill being considered here today will cut and reduce the recommended budget for the Department of Agriculture by \$383,000,000 less than recommended by President Truman. Should this action be approved the Congress will in effect be cutting the heart from a sound and progressive agricultural program designed to bring about a self-sustaining American agriculture and a manifestation and development of this Nation's agricultural resources.

The economies proposed in this measure are to the detriment of the farmers of our country and all segments of our population. The bill drastically curtails the services of the Agricultural Adjustment Administration, the Soil Conservation Service, the Farmer's Home Administration, the National School Lunch Program, the Rural Electrification Administration, the Production and Marketing Administration, and various branches of the Department of Agriculture concerned with scientific research and agricultural development and extension. I am in favor of economy—"constructive economy"—by eliminating waste and extravagance and useless personnel and have voted for measures in this session of the Congress to effect such economies where I felt that such could be accomplished without impairing vital and essential Government services. However, the drastic cuts that are here proposed, in my humble opinion, constitute a glaring example of false economy which is manifestly unfair not only to our farmers and the agricultural population of our country but also to every segment of our citizenship who are depending upon a successful and prosperous agriculture in America. Should American agriculture fail through the lack of coordination and support, all dreams of future prosperity and international peace may well end in chaos and confusion. The drastic reductions in appropriations proposed for the Soil Conservation Service exemplify a virtual wrecking of the soil-conserving programs, which is false economy in the truest sense. Our farms and tillable agriculture soil constitute the basic wealth of our country. Department of Agriculture statisticians estimate that between 1895 and 1930 a full million acres of top soil were lost each year and that more than 50 percent of the country's farm lands have been damaged by wind or water erosion and that this loss to the Nation has been about \$4,000,000,000 a year. Since 1930, under the soil-conservation programs through contour planting and cultivation, terracing and various other soil-conserving and erosion-preventing practices, the wastage of our lands has been greatly reduced. Although the expenditures for soil conservation may appear to be great they are trivial compared to the ultimate gains which may accrue under these programs.

The majority membership of the Appropriations Committee has eliminated entirely all of the work heretofore performed by members of various county ACA committees in assisting farmers in statements of performance of prescribed conservation practices under which payments are conditioned. This elimination of assistance, basic in the field where most needed, is unjustified and constitutes an example of being penny-wise and pound-foolish. We cannot afford to let soil conservation slip back to a haphazard and unassisted condition contrary to the welfare and well-being of the present and future of America. This program is extensive and covers assistance in crop stripping, irrigation, cover cropping, restoration of eroded fields, terracing, draining, contouring, and other

soil-conservation practices. Participating in the program are nearly 4,000,000 of the approximately 6,000,000 farms in the Nation.

The same situation and general principle applies as respects the programs of the Production and Marketing Administration as applied to cotton and tobacco production; to the Federal crop-insurance program which assures the investment of our farmer in his crop, and in the triple-A and Commodity Credit price-support programs as well as the Rural Electrification Administration, all of which aid in composing a well-balanced farm program.

Mr. Chairman, we want to maintain a well-balanced and profitable agriculture, and I urge that prior to the passage of this bill that amendments be adopted reinstating necessary funds which have been deleted, thereby providing for a continued strong and successful agriculture in America.

Mr. CANNON. Mr. Chairman, I yield such time as he may desire to the gentleman from South Carolina [Mr. McMILLAN].

Mr. McMILLAN of South Carolina. Mr. Chairman, the farmers of this country have just begun to get their heads above water, and it seems to me that the Appropriations Committee has reported an appropriation bill to the House that will sink the farmers again. I feel that I am well qualified to speak on this subject, since I was born and reared on a farm and at a time when the farmers received only a very small percentage of what their produce was worth.

Through well thought out legislation by the Congress the Government has been in a position during the past 10 years to materially assist the farmer in getting what he is justly entitled to receive for his produce. The pending agriculture appropriation bill practically eliminates several items materially affecting the farmers.

First, the transfer of the Federal inspection fee from the Government to the packer only adds more expense as we all know that the packers will pass this additional expense on to the farmers.

The REA has just begun to recuperate from the war, as it was impossible for this organization to secure copper wire and other strategic materials to give the farmers the benefit of electric service during the critical war days. I sincerely hope the House will amend the present bill tomorrow when amendments are in order so that the REA funds will not be imperiled, also the fine work carried on by the REA cooperatives throughout the United States can continue uninterrupted. I sincerely hope that I will live long enough to see every farm home in the United States have electric service, which will also mean that they can have water works and all other conveniences afforded the people who reside in cities.

Funds for the Farm Security Administration, Commodity Credit Corporation, and other important items such as the AAA have been considerably curtailed under the pending bill. I shall vote for amendments to have sufficient funds included in this bill to carry on the above-named farm activities so that our farmers can continue to progress and not go



backward. We are headed directly for another depression if we pass the pending legislation in its present form. Every Member of the House recognizes the fact that the farms are the backbone of our country and if they fail our entire economy is bound to fail.

We cannot continue to expect our farmers to operate at a loss and on the other hand guarantee industry a 10-per-cent profit on their investments and also continue to grant labor increased wages.

It is beyond my wildest imagination to understand how anyone could think we are economizing in Government expenses by curtailing the activities of the farmers and preventing them from having the tools necessary to raise food and other produce so necessary for not only our country but the entire world. We are sending billions of tons of food to every section of the world and it seems that we will be called on to feed the majority of the people of the world during the next few years.

We have recently made two or three huge appropriations to take care of suffering people in foreign countries and assist them in getting their governments back into operation. Therefore, I cannot understand why we should try to take away the few advantages we have recently granted our farmers under the name of economy.

Mr. Chairman, it is my sincere wish that we can amend the present appropriation bill when amendments are in order to the extent that every dollar the President has requested for the farmer shall be appropriated.

Mr. CANNON. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I have the highest regard for the distinguished gentlemen who are the authors of this appropriation bill, and I congratulate them for their splendid efforts to inject economy into the agricultural operations of our country. But I must remind them that the road to hell, also, is paved with good intentions, and it is my thought that false economy is more expensive in the long run than no attempts at economy.

During my brief period of tenure in this House I have heard repeated tributes to the superhuman job on the part of organized labor in producing the weapons of war with which our soldiers were able to repel the enemy; I have heard repeated tributes to American business enterprises for their splendid production efforts during the war; I have heard innumerable tributes and eulogies to our patriotic sons who fought and bled on foreign battlefields so that our Nation might continue to be the greatest nation on the face of the earth. These tributes are well founded, and their recipients are entitled to all the credit and praise that a grateful people might bestow upon them.

But our Nation has become great and remained great through the combined efforts of all of her peoples, and though I have yet in this Congress to hear of such lavish praise heaped upon the American farmer, nevertheless, without

his contribution to the war effort, we would have been lost. It was he who labored through endless hours of back-breaking and thankless toil so that we who were in the service of our country both at home and on foreign soil, and those who worked in the factories to produce the guns would have food to eat and clothing to wear. The American farmer has always been the backbone of our Nation, and we should never stoop so low as to disavow that fact.

And yet, of all those who produced the weapons of war, and those who made it possible for us to weather the storm of the last great conflict, the American farmer has been the least paid and the most self-sustaining. His needs are small, and his demands are few. He receives the least amount of remuneration for his work per dollar invested and man-hour worked of all the trades or professions. And without his efforts we would all perish from the face of this earth.

I favor restoration of the cuts made by the committee in rural electrification appropriations. Nothing has meant more to the rural citizen of America than rural electrification; it has doubled the value of every farm that it has touched, and has brought the comforts of urban life to those who are most entitled to them, the American farmers.

Instead of cutting funds for this great enterprise, I think we should provide more funds in order that it may expand and give more service to more people. It is my dream that someday every farm family in America may be able to enjoy the comforts and benefits of electricity—and until that day comes, I am in favor of enlarging and expanding further this great program initiated for the farmer in recognition of his all-important contribution to American life.

It is an established fact that every living thing derives its subsistence from the top 6 inches of the earth's crust. Without this 6 inches of topsoil mankind would perish from the face of the earth, and vegetation would gradually disappear. Down through the ages of history, this soil has been washed into the valleys, and from there into the streams, and so on into the sea, and it was only after the situation was beginning to become critical that this important fact was discovered, and the science of soil conservation came into being. And today, through the efforts of our experts in the soil-conservation field who are working with those in the Triple A and other agricultural divisions, we are making rapid and noticeable progress in checking the loss of this fertility from our soils. One needs but to ride for 30 minutes from this city to see the results of this program.

The other day this Congress appropriated three hundred and fifty millions of our American dollars to be used to purchase food grown by American farmers to feed the starving people of Europe. We were drawing on our own dwindling resources to supply food for people who, through ignorance and neglect, failed to conserve their own natural resources for such emergencies, and who today are suffering because of the depletion and waste of these resources.

We seem to have plenty of money to send to Europe—but not enough to spend on our own future welfare. I cannot agree with such two-faced logic.

I want to see the section 32 funds restored to the farmers of America to whom they rightfully belong, and to see adequate funds given to our forestry and extension services and our school-lunch program.

Amendments to this bill will be offered to correct all of these injustices, and I sincerely hope that this Congress will see fit to restore these funds, at least to conform with the budget of the President.

It is high time that our American farmer assumed his rightful position in this country and ceased to be the scapegoat of every so-called political economy drive.

Mr. CANNON. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD of Montana. Mr. Chairman, I wish to congratulate the authors of this report for their expressed appreciation of the importance of forestry to this country. As they point out on page 7 of the report:

As a matter of fact, more and more, forestry is coming to be regarded as an annual crop with definite cash income benefits to farmers in all sections of the country.

That is very true—outstandingly so in my part of the country.

I want to give further credit to the report for the statement that—

There is a growing interest in forestry as evidenced by the fact that more than three-score witnesses appeared to testify on one item or another in the Forest Service estimate.

A separate volume of the printed hearings is devoted exclusively to the testimony from scores of witnesses from both sides of the House. The time and effort devoted by the many members of the House in advocating various forestry measures are indicative of the importance of this subject, not only for the definite cash income benefits mentioned in the report, but also for the many other benefits which flow from a well-done job of forestry. You know what they are. I refer to the flood-control values, to the stabilization of communities were sustained yield forestry is practiced, to the peaceful and delightful recreation provided tens of millions of our city and rural dwellers within our widespread national forest system, and to the stimulating pleasure granted millions of sportsmen by the proper handling of the wildlife—most of which, by all odds, at least in the West, ranges throughout the national forests, and finally to the range forage made available to some 10,000,000 head of livestock which returned to the Treasury far more from national forest grazing fees than is met in administering them.

And now after reading those honeyed words in the report saying that something should be done about the forestry situation, what do we find in terms of definite recommendations? The answer is nothing but cuts in appropriations, excepting for fire protection. Turn to

pages 59 and 60 of the report. Item after item after item—11 out of 12—is prefaced with a minus sign. That sort of double talk will do much more harm than good. For example, let me mention briefly 6 of the items with which I am personally well acquainted, although they are important not only in my district but Nation-wide:

First. A half-million-dollar cut is made in the project for general management and operation of the national forests. The report—page 19—says this is largely office work. This is the fund from which the forest rangers and forest supervisors are paid. Try following them over the mountains, working on forest fires, on timber sales, handling that 10,000,000 head of livestock, and doing the 101 jobs which we expect them to do. I have made such trips and want to assure you that those are far from being the swivel-chair office jobs implied in the committee report. The 8-hour day means nothing to these men during the field season. Overtime, from daylight to dark, but not on an overtime-pay basis, is customary practice. Rather than cutting this item, additional help should be provided these men. The dividend would be great in terms of less acres burned, more timber cut, and in other beneficial ways.

Second. Within the present month, Mr. TABER's deficiency committee recommended, and Congress appropriated, an increase of \$410,000 to increase the volume of timber sales on the national forests. The reason given was that such expenditures would return some \$4 to the Treasury for each dollar spent. Now, this committee not only reverses the action of the Deficiency Committee by denying continuance of the \$410,000 increase, but makes a further cut of \$190,000 for timber-sale work. We recognized previously that it was a good business proposition to make an investment of this sort. The committee action in proposing this cut is, therefore, incomprehensible.

Third. I have mentioned that most of the big game and wildlife, especially in the West, range over our national forests. This is a valuable national resource which heretofore has been given at least some attention with the \$163,000 appropriated for that purpose. Millions of sportsmen can testify to that. It is inconceivable, therefore, why the committee report—page 20—recommends that "the allotment—for the production of wildlife resources in the forests has been eliminated entirely." Note that word "entirely." We can, of course, eliminate the appropriation, but any of you who have been out in our forested country know that you cannot eliminate the hundreds of thousands of deer, elk, bear, antelope, and other game animals, and the many problems which arise because of their very presence. The complete elimination of this item is another of the incomprehensible features of this report.

Fourth. A fourth example—in brief—of the more serious cuts in forestry activities is the 50-percent reduction in forest resource investigations. This is the job of making an inventory of the standing timber in this country; what goods do we have on our shelves? Many a small-town storekeeper as well as the

big industrialist realizes that an inventory of goods on hand is indispensable to a successful business. No such inventory is available as yet for large sections of the country. That is the way it is in my own State. Many of us believe that the amount of timber being cut there could be increased by hundreds of millions of board feet annually, and still not reduce the amount of our stocks on hand to a dangerous point. However, without an inventory we will not know if our stocks are being depleted too seriously. The committee report—page 21—says: "The work is largely academic, and lacks in real practical value." The practical woodsmen, the sawmill operators, and woodland owners will sharply challenge that statement. The Forest Service must have done a poor job in explaining to the committee what this project really is.

Fifth. Others will doubtless call to your attention that 35-percent cut in funds for the forest products laboratory and its field stations. The committee report—page 21—characterizes it as "academic or visionary." That was certainly not the reason why the Army and Navy people turned to this laboratory so frequently during the war years; nor the reason why the wood using industries give it their hearty support.

Sixth. Finally, among this list of incomprehensibles is the reduction of \$2,500,000 for access roads; roads to make available for cutting hundreds of millions of feet of timber so urgently needed in the present housing crisis. As brought out during the hearings some \$7,000,000 of the appropriation for "Forest development roads" is required for necessary maintenance. Consequently the committee report allows only \$3,000,000 for new construction of access roads. This will be a reduction of almost 50 percent below the construction program under way this fiscal year. From personal observation I know that this work is being done efficiently and at reasonable cost. The returns to the Treasury from sales of national forest stumpage thus made available will more than liquidate the cost of these roads. With the need for more lumber as desperately great as it is, surely there should be no let-up in the access road construction program. To increase it would be much sounder from a cold dollar-and-cents point of view.

Other items in the Forest Service section of the bill also need further consideration. Quite probably all of them cannot be taken care of adequately at this time. I do wish to urge, however, that the House conferees study the real justification for these items more thoroughly and then join with the Senate conferees in converting the fine introductory words of this section of the report into the funds needed to actually put these words into effect.

Mr. CANNON. Mr. Chairman, I yield myself such time as I may consume.

The CHAIRMAN. The gentlemen from Missouri is recognized.

Mr. CANNON. Mr. Chairman, if we are not to have another war, this is the most important of the appropriation bills that will be considered at this session of Congress. It has more direct, and im-

mediate, and determining influence upon the national economy than any appropriation bill which will be considered in the Eightieth Congress. Notwithstanding its importance it is being cut nearly one-third lower than any other of the annual supply bills with possibly one exception, and certainly the greatest decrease in service to agriculture under the preceding year of any supply bill in the history of the Congress.

Mr. Chairman, we are entering upon a critical postwar period. There is a disconcerting similarity in the pattern of the agricultural graphs in every war in which the United States has been engaged; in the rise and fall of farm prices and farm prosperity during and following continental wars, even back to the Napoleonic era.

We observe in each instance an advance with alarming regularity in agricultural prices, agricultural income, and agricultural prosperity during the war, and then a collapse which leaves the country in the depths of a disastrous depression.

That was the situation in 1866, 1899, 1920, and that will be the situation in the readjustment which must inevitably follow this war unless steps can be taken, both legislative and economic, to reverse the trend.

With that in view, Congress has endeavored in the last two decades to provide legislative machinery and economic programs which will counteract the effect of the inexorable law of dislocated supply and demand, so far as its effects upon agricultural deflation and postwar retrogression are concerned.

The system of programs and projects provided for in this bill are the outgrowth of our efforts to achieve price stability, economic equality, and a progressive standard of living for American agriculture. Almost without exception they have been remarkably successful. They have standardized production and income and have supplied a buying power which has been reflected in the increasing prosperity of business and industry dependent on farm patronage.

For that reason any proposal which threatens the continued activity and effectiveness of this integrated system of supports and controls merits the most earnest and painstaking scrutiny and consideration.

Let us examine briefly, in the order of their discussion in the committee report, some of the activities most drastically affected by the indiscriminate restrictions and liquidations proposed in the pending bill.

That is in keeping with the times. Research has demonstrated its value in peace and war. But for research and the scientific developments which supported our troops in the field, the war would still be on, we would still be fighting—abroad and at home. Industry, quick to realize the dollar-and-cents value of this practical point of view, is making unprecedented allotments of funds for research. It is even more important that agriculture, with its need for new uses and markets and new methods and fields of distribution of agricultural surpluses, should follow suit. Pressing problems of



supply, demand, prices, consumption, standardization, transportation, processing, packaging, and distribution require immediate and comprehensive study.

Accordingly, both Houses of Congress last year approved by practically unanimous vote the Hope-Flannagan research bill, and in response to that authorization an estimate was submitted to the House for an appropriation of \$19,000,000 for that purpose. The committee, disregarding the mandate of the Congress, cuts the amount to \$6,000,000, an amount so small as to render the project practically inoperative.

But perhaps the most disastrous effect of the bill is the denial of funds for the Production and Marketing Administration, generally known as the AAA. It has rendered the greatest service and it sustains the greatest cut of any agency in the bill.

In recognition and appreciation of the importance of the AAA program, Congress authorized it by an overwhelming majority in both branches.

In the last session of Congress authorization was made by an overwhelming majority in both branches, of a \$300,000,000 agricultural conservation program for 1947. In conformity with that authorization, the Department issued a bulletin last August carrying this language:

The provisions of the 1947 program are necessarily subject to such legislation as the Congress of the United States may hereafter enact; the making of the payments herein provided is contingent upon such appropriation as the Congress may hereafter provide for such purpose.

But the farmers of the country in view of the action of Congress in its emphatic authorization of the program and the long-established custom of the Congress to provide the funds to implement such authorizations, naturally considered the paragraph as a mere legal formality. No farmer seriously considered the possibility of any such contingency developing. In response to the announcement of the Department carrying this limitation, two-thirds of the farmers of the Nation have already started, and in many instances completed, conservation practices for this year and have laid plans to continue them during the coming year.

Now the committee proposes to take advantage of this fine print in their lightning-rod contract with the farmer and deprive him of the money he believes they have contracted to pay him. The farmer has made his contribution to the joint project and put up \$2 to the Government's \$1. He has performed in perhaps a majority of cases his part of the contract only to find that the committee here recommends that the Congress and the Government renege on its authorization enacted at the last session.

In the eyes of the farmer who has been cooperating with the Government in contracts of this character for years, and who has made such invaluable and indispensable contributions to the war program, this amounts to repudiation. And the denial of funds for the State and county committees destroys the agency which has given the farmer a voice in his own programs. It is liquidation, and with the committees thus summarily

abolished arbitrary dictatorship is substituted for the democracy of the farmer-elected agency which has been their insurance against soil depletion and their guaranty of price stabilization.

I shall not burden you with my own views on the effect of the committee's recommendations on the conservation policies and practices which have been so universally approved by the Nation, but I should like to quote from an editorial on the subject carried in Sunday's New York Times, a newspaper of such eminence and fairness as to require no supplementary comments.

The following is an excerpt from the editorial page of the Times for May 25, 1947:

The House Appropriations Committee used some noble language in reporting the Agriculture Department's 1948 budget on Friday.

As we give thought to such a problem as soil conservation and to the saving of the surplus of our land from the influences of erosion we also have the responsibility of pursuing those policies that will prevent the erosion of that rugged individual character which has made the American farmer the greatest producer of agricultural commodities in any time or generation of the world's history.

It is quite true that the farmer's individualism may have been eroded by some aspects of the parity program. There is just criticism to be made of that program, as this newspaper has frequently pointed out. But it is hard to see how individualism can be restored or improved by the drastic slashes the committee has recommended in funds which are actually spent for conservation. The Soil Conservation Service recently estimated that a million acres of top soil were lost each year between 1895 and 1930; that 50 percent of our farmlands had been damaged; and that the cost had reached the appalling total of \$4,000,000 a year. By way of comment the House committee cut the service's allowance from \$44,860,000 to \$38,673,000.

My friends, even in the city, where the paramount interest in agriculture is to secure sufficient production to meet daily needs and sufficient buying power to maintain urban industry, they realize the tragedy of cutting this vital and important appropriation at this critical time.

Then you will recall that Public Law 320, better known as section 32 of the Agricultural Adjustment Act, earmarks 30 percent of the customs revenue as a permanent appropriation to agriculture to encourage domestic consumption and export of surplus agricultural products, and to reestablish the farmer's purchasing power.

This law was put upon the statute books because of the general recognition that the tariff laws discriminated against the farmer; that they favored industry at the expense of the farm consumer; that they appreciated unduly and unfairly his cost of production and his cost of living. So, in order to offset that discrimination against the American farmer Congress enacted this law giving the farmer 30 percent of those same revenues to be used in maintaining farm prices, farm income, and the farm standard of living. It was one of the fairest provisions ever made and is in effect resti-

tution. For the committee here to suddenly nullify the law, to in effect disregard the covenant under which it was enacted, is bad faith. You are continuing the advantages of the tariff to industry and to labor and you are discontinuing the little sop that is given to the farmer for the purpose of in some short measure compensating him for that discrimination.

The remarkable thing is that the use of these section 32 funds has been a business success and has brought profit to the Government. If you eliminate the OPA subsidies, which were not for the benefit of agriculture at all, but solely for the benefit of the consumer, and if you confine the use of the section 32 funds to loans and price operations, the Government has made a profit on every dollar expended from the section 32 funds.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Illinois.

Mr. DIRKSEN. I hope for the accuracy of the record the gentleman is talking about the Commodity Credit Corporation credit and funds, not section 32 funds, because all the subsidies were handled out of Commodity Credit Corporation funds.

Mr. CANNON. Eliminating those expenditures which cannot be credited to the farmer because OPA subsidies were gratuities to the consumer and not to the farmer, the Government has made a profit.

The remarkable thing is that in the operation of the rehabilitation agencies and compensating agencies financed for the benefit of agriculture we discovered we were not only helping the farmer and helping the Nation but that the expenditures are good business investments. When we authorized HOLC and bailed out the banks and the insurance companies, everybody expected a huge deficit. But HOLC has paid out dollar for dollar. We are not going to lose a penny on it. As a matter of fact, it is so successful that they are coming in here with a proposal from money changers who want to get their hands on these good loans to make us sell this HOLC paper to private interests. So HOLC was not only a philanthropic success; it was also a business success.

Likewise, REA is a profitable investment. Some people have the idea that when you appropriate money for REA it is a gift or a grant. As a matter of fact, we are getting back every dollar we put in REA. We loan on the best security. Up to this time we not only have a negligible deficit but we have in many instances paid in advance.

As a matter of fact, practically all of these agencies we have created for the rehabilitation of agriculture have been as bread cast upon the waters and have returned to us manyfold.

I trust that any discussion of the school-lunch program is superfluous. But we have here the astonishing recommendation from the committee reducing the minimum amount required to \$45,000,000.

Here is a phase that is frequently overlooked. When you appropriate \$45,000,-

000 for children, they will not get the \$45,000,000 in food. Under the statute there is a provision that out of each of these appropriations, \$10,000,000 must be taken for equipment. Out of that \$45,000,000, you will get only \$35,000,000 for food. Of course, the key to the proposition of the committee is that they will not count the child's payments. Every child gets more than he pays for. Those who cannot pay are taken care of when otherwise they would go hungry. Why should such payments not be considered as matching funds? There is no reason in the world except a desire to liquidate this essential service to the children of the country. If we adhere to this requirement of not counting the money paid in by the children, there are only three States in the Nation qualified to meet these limitations—New York, Delaware, and Utah.

In many of the other States the legislatures do not meet until 1949, and even if they did it would be difficult to arrange plans to meet the situation.

Every authority, both educational and medical, says it is the best investment that we could make of American funds at this time.

Again, let me quote from Sunday's New York Times:

The conservation of human beings is also important. A small item in this bill has been the school lunch program which the committee cut from \$75,000,000 to \$45,000,000. It is all important—

They are quoting the committee's report—

It is all important, the committee observes, to turn our venture back to the States as soon as possible.

That is the principal argument made in favor of cutting the school-lunch program.

The reason for the Federal subsidy is, of course, that some States cannot afford the cost. This particular economy may deprive many children of a hot lunch they really need.

The committee proposes to liquidate the provision Farmers Home Administration—that is the plan to provide in the country for the farmer what we have already accomplished in the city with the Federal Housing Administration and the HOLC. The success of the Home Administration program has been phenomenal. You recall that one reason for the adoption of this program was the appalling increase in farm tenancy. In the last report of the Department of Agriculture for May 1947 they show that in the South we had one-fifth fewer tenants in 1946 than we had in 1940 and we have the lowest farm tenancy in the history of the Nation.

According to the further report from the Department of Agriculture, the number of owner-operated farms has gone up 10 percent in 16 Southern States. Yet, this program is one of those that is hardest hit by this bill. Instead of providing \$35,000 as the budget asked or \$50,000, as we have today, or \$25,000 as was originally provided by the committee, they in effect eliminate it.

The denial falls with greatest force upon the veterans and the small tenants. They say the veterans and tenants must

be protected against themselves; that they are in danger of going out and paying too much for a farm. May I call attention to one thing that should be emphasized in connection with the Farmers Home Administration. A farm can be provided for an applicant only upon the concurrence of all committee men; they must make their estimate not upon present farm prices or current farm income, but they are required—and the requirement is rigidly adhered to—to make their estimates only on the long-time earning capacity of the farm and on the long-time average of prices. But the committee is denying these men the right to own their own farms, to have a loan with which to develop the farm they already own.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. If we should pass the Cunningham bill that provides for something similar to the Bankhead-Jones law for veterans, that would take care of that situation as far as the veteran is concerned, would it not?

Mr. CANNON. Of course, that is a contingency. The bill has not been passed and may not be passed. Here we have a law on the statute books under which we know we can provide for the ex-serviceman. Here is something we have in our hand.

A bird in the hand—is the noblest work of God.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Texas.

Mr. POAGE. The Cunningham bill would not do anything more than we have got. We have already got basic legislation. That would have to go back to the same Appropriations Committee to implement it with money, and if they will not implement existing legislation, why, by changing the name, would we expect them to furnish the money?

Mr. CANNON. Of course. We should take advantage of such facilities as we now have for providing homes for veterans and tenants. Why fly to ills we know not of?

Mr. Chairman, then the report on crop insurance is certainly one of the most inadequate reports ever submitted by any committee of the House, certainly by the Committee on Appropriations, on any bill reported in the last quarter of a century. It does not touch the real situation, top, side, or bottom. And it comprises one of the most essential services rendered by the Government today. Today no business operates without insurance. Notify any manufacturing plant or any modern business this afternoon that its insurance is canceled as of 12 o'clock tonight and that plant will not open for business tomorrow until its policies are renewed.

You yourself would not drive out on the highway in an automobile without insurance. Every business in the country operates under insurance policies which provide complete coverage and protection from every possible risk, including unavoidable disasters cataloged as "the providence of God"—every busi-

ness except agriculture. And no business is so subject to the vicissitudes of the unpredictable providence of God. The farmer operates under incredible hazards of fire, frost, and flood, drought and deluge, pests, insects, disease, and predators, animal, vegetable, and human—operating in the field, the feed lot, and the warehouse.

Your banker will lend you money on any asset. If it burns or dies or is stolen, your insurance protects his loan. But he cannot lend on the farmer's crops—regardless of the amount invested in them or their potential value, because the farmer can get no insurance to protect the collateral.

In this way the farmer was denied one of the most essential of modern business services until in 1938 Congress authorized the Crop Insurance Corporation. It was a new field, without actuarial statistics and no blue prints on which to predicate a practical basis of operation. As a result, it lost money steadily. Its premiums and conditions of contract were inadequate to meet the losses and costs of operation. When this became apparent, the law was revised and rewritten, and since that time has been a success on every commodity on which insurance had been provided under the original law.

All of this is completely ignored in the report of the committee. No mention is made of the success of the service, since the readjustment, a most astonishing omission.

Instead of differentiating between operations under the old law and the new law, the report lumps all losses of the original immature system and reaches the wholly unjustified conclusion that no crop insurance can be provided for agriculture under any circumstances.

Likewise the report fails to call attention to the fact that no losses have been incurred under the new law on any of its operations except those on one single commodity, cotton, on which there had not been sufficient time and data to establish a practical basis. Incidentally, the defect on that one crop was that we sought to insure the cotton producer a profit instead of insuring him against a loss. When we have had sufficient experience to develop a workable contract, the service to cotton can be made as practical and successful on that commodity as on the rest of the commodities on which the present law is showing an annual profit to the Government. For example, the Government made a profit on its insurance on wheat alone over the last 2 years aggregating something over \$7,000,000, and it lost money on none of the several crops which it insured with the single exception of cotton, which was one of the crops recently brought under the provisions of the law without sufficient preliminary experience.

Now, because of the loss on that one commodity, the committee proposes to deny insurance to every other agricultural commodity. They propose to discontinue the service and institute an experimental service which is so inadequate and so poorly financed that it is evident that the real purpose is total liquidation and complete abandonment of all effort



to provide for the farmer the service available to every other business.

The total of \$1,000,000 recommended for administrative expenses in the report is a fraction of the amount needed for liquidation alone. The evidence is that some 450,000 crop insurance contracts are now in force with potential liabilities running into hundreds of millions of dollars. When the first law was rendered inactive in 1944, a total of \$3,500,000 was provided for liquidation. Now only \$1,000,000 is recommended for liquidation of a vastly larger establishment.

Under such circumstances the experimental crop insurance program which the committee suggests for 1948 could not even be started. There are no funds for liquidation much less for the initiation of a new program. The proposal of the committee is impractical to the point of absurdity. And the heartless abandonment of a successful program on all other commodities when only one is showing a loss, and on such an incomplete statement of the case, is to say the least difficult of justification.

I trust the bill reported by the legislative committee can be modified when it reaches the floor to provide for a continuance of insurance on those crops which have been self-sustaining and on an experimental basis on other crops with a view to establishing an actuarial basis on which such other crops can likewise be made self-sustaining as soon as experience justifies.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I think in fairness the gentleman should recognize the fact that the Department of Agriculture appeared before the Committee on Agriculture and asked that this be continued only on an experimental basis, and that legislation has been passed to that effect.

Mr. CANNON. I am familiar to some extent with the figures that have been submitted. They show no recent losses on any crop except cotton.

Mr. MURRAY of Wisconsin. That happened within the last week, I may say to the gentleman.

Mr. CANNON. But I ask my good friend who is an authority on agricultural problems, especially on those relating to dairying, if there is any reason why we should discontinue crop insurance on flax?

Mr. MURRAY of Wisconsin. I am not in any position to answer that question.

Mr. CANNON. Can the gentleman suggest any reason at all why we should discontinue crop insurance on wheat?

Mr. MURRAY of Wisconsin. I would discontinue it the way it has been operating. They lost about \$7,000,000.

Mr. CANNON. No, they have not. That is the difficulty here. We do not have the statistics. As a matter of fact the Government made a profit of \$7,065,000 on wheat for the years 1945 and 1946.

Mr. MURRAY of Wisconsin. One hundred million dollars has disappeared somewhere, has it not?

Mr. CANNON. No money has been lost under the new law except on one commodity. Something like \$20,000,000

was lost on that one crop but the Government has made money on everything else.

Mr. MURRAY of Wisconsin. What commodity?

Mr. CANNON. The only loss this year has been on cotton and if that is being placed on an experimental basis, and eventually we will be able to service it as successfully and as profitably as the rest of the list.

But in the meantime what reason can the gentleman suggest for depriving all other agricultural products of the benefits of insurance?

Mr. MURRAY of Wisconsin. I want to get the record straight. The legislative committee that is in such good repute today has already passed legislation doing what the gentleman is criticizing—putting it on an experimental basis.

Mr. CANNON. No such law has been enacted. It has not even been brought up for consideration in the House. And until some further provision is made why not continue to function under the legislation now in force and under which insurance is being successfully provided for the great majority of American farmers?

I am certain my distinguished friend from Wisconsin joins with me in the belief that we should be fair and accurate and logical and helpful in the provision of a service which means so much to farmers and to all business associated with their success.

Mr. Chairman, in conclusion may I say that when this vast program implemented by this bill was begun, American agriculture was at its lowest ebb. The farmer was bankrupt. His banks were failing at the rate of hundreds a day. Farm tenancy had increased until ownership of small farms throughout the country was practically nil. Our soil was eroding at such a rate that hundreds of thousands of acres of American arable land were being removed permanently and forever from production. Business was stagnate throughout the country because the farmers had no buying power. In many sections mobs of farmers were threatening sheriffs with the hangman's noose when they came to dispossess families from the farm. You could not borrow a dime on any farm in my State. Men outraged by confiscatory prices stopped milk trucks on the highway and poured out the milk. They invaded courtrooms and took judges from the bench. There was chaos, demoralization, destitution, and desperation throughout the rural areas. Farmers put their remaining possessions in wagons and drifted through the country as okies, hopeless, homeless, and helpless.

That was the situation in which agriculture found itself when we began the programs implemented by the appropriations in this bill. Under these services the whole situation has been retrieved. We have brought the farmer back. He is enjoying today under these programs the greatest prosperity the American farmer has ever known. He is making a greater contribution to the Nation than has ever been made by agriculture in the

history of the world. We are producing this year one and one-quarter billion bushels of wheat. We are producing the greatest corn crop in American history. We are feeding America and the world as it has never been fed before from American acres. And we have raised the farm buying power and the American standard of living in both the city and the country.

Now, they here propose to put the ax to the root of activities which have made the Nation great, rich, happy, and prosperous.

Mr. Chairman, I want to balance the budget. I have brought in bills which made rescissions greater than ever made by any bill reported before or since. I have stood on this floor and urged economy which the House denied. I am for economy. But I refuse to cut so deeply, my friends, as to wreck the machinery. And again I want to quote the New York Times, a wholly disinterested commentator:

Some other items in the committee's report will bear further examination. No one can argue that there are no possible savings in the Department's budget. If Congress can hack away what is actually deadwood, it should do so.

Now, that is a reasonable position. That is the position that we have always taken.

But this is no year in which to cut out or hamper any activity which will save or improve the fertility of our soil, reduce farm production, or impair the well-being of people on the land. Agriculture just now is a booming industry, but it can collapse at this critical period in history, as it has done before, if we apply penny-wise and short-sighted policies to it.

Mr. FOLGER. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from North Carolina.

Mr. FOLGER. A few minutes ago the gentleman was giving us a true historical picture of the plight of the farmer when we were not giving attention to him in matters of legislation. One man said about that time, "Destroy your cities and leave your farms and the cities will spring up again as if by magic. Destroy your farms and the grass will grow in the streets of every city in this country." Did that not come to pass?

Mr. CANNON. No greater truth has ever been spoken. The strength of America is in her farms and in her farm people. That is what is at stake in this bill.

Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I am afraid that the facilities of the House are hardly adequate to properly display these charts, but I trust you will bear with me, as I want to call them to the attention of the committee. Since I could not hang them here, I do not have them arranged in the order in which I wanted to comment on them, but we can at least begin with this one, which I consider very alarming.

This chart was just prepared this afternoon to show the trend of food production and of food consumption per capita of the United States. Food pro-

duction is this broken line here. The food production per capita of the United States is up to 125 percent of what it was in 1925. The food consumption per capita is up to about 116 percent. Food production went up because our Nation asked our farmers to increase the production of food. The farmers responded. They increased the production of food. We now have an agricultural plant capable of and actually producing 125 percent of its normal production. We have not increased food consumption in the United States at the same rate. What does that mean? What does that mean to you? To me it means simply that now that we have passed the period when we closed this gap with sales to the military and to UNRRA there is a 10-percent margin between consumption and production. That means surpluses. To me that word "surplus" in agriculture means danger. It means losses to the farmer, and it means low prices. It means agricultural disaster.

If there ever was a time when we need to take care of our farm problems and when we need to beware of what is about to befall agriculture in this Nation, it seems to me that this chart which shows the ratio of agricultural production to American consumption should make it plain that that time is coming in the next few months, or at least in the next few years. Of course, as long as we continue to export 400,000,000 bushels of grain to Europe, we may postpone the evil day. But the agricultural plant has been increased in response to the needs of our Government, and only our Government can make the provisions to close that gap which now exists between production and consumption. Unless it is closed, there can be nothing but disaster in agricultural prices.

Now, what does this bill do for agriculture prices? For one thing, it reaches in and grabs out the support under surpluses. Section 32, the crutch on which agriculture has leaned for all these years, is rudely jerked out from under us, and we are told that just at the period when agriculture is facing the greatest surplus which it has probably ever faced, we are going to be without that support.

My friends, I wonder why we have a bill of this kind? I am not here to make any partisan charges. I am not here to lay the blame on any individual, but I wonder why we have this kind of thinking that brings in a bill of this kind; why we have a philosophy of government today that leads our Government to encourage the farmer to increase production and then pulls the props out from under him? I wonder if it is not due to the fact that there has been so much propaganda over this country to the effect that the farmer is robbing the American public; to the effect that the farmer is getting prices that are all out of line with what anybody else gets.

Let me show you a few more charts. Let us look at this chart. I think this is one of the most illuminating charts. It is just two little lines. It does not look like very much, but this shows the per capita food cost and the percentage of income in the United States from

1913 to 1946. Back in 1920, the actual food expenditures of the American people were about 33 percent of their income. They run now to about 23 percent of the national income. But they would not be that high if you follow the line of the cost of a given quantity of food, representing the average annual amount consumed. If the consumption had remained the same, you would find that the food that in 1920 took some 33 percent of the American national income can now be bought for some 17 percent of the national income. The American people are actually eating more, but even so they are doing it on a smaller part of their income.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CANNON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. POAGE. What we are actually eating in the United States today is only costing us 19 percent of our national income, or less than two-thirds as much of the national income as we formerly spent for food. How can anybody claim that the farmer is robbing the public when the farmer is letting the man in the mill and the factory buy his food for 2 hours' work where he formerly had to spend 3 hours' work. That is what it amounts to.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Yes; I yield.

Mr. HALLECK. The gentleman by his charts is evidently trying to establish the fact that at the moment agriculture seems to be in a rather favorable position. If that is true, does he think that the payments that were made to agriculture, initiated back in the depression time, should now be continued at about those levels, or would he not believe that possibly some of that money might be saved for a rainy day?

Mr. POAGE. Of course, it is most unfortunate that the majority leader did not observe the first chart that I showed here, which I think shows as clearly as can be shown that we are faced with a gap between agricultural production and agricultural consumption that must inevitably lead to surplus, and an early break in agricultural prices, leading to agricultural disaster.

Mr. HALLECK. Will the gentleman yield further?

Mr. POAGE. Yes, I yield.

Mr. HALLECK. I was here and I saw the first chart you exhibited. I noticed the 10 percent that you pointed out. If we were not shipping so much food abroad, I do not know whether our consumers would go up to that 125 percent or not. There are many people who think that they probably would. I do not know what may ultimately happen to that.

Mr. POAGE. Undoubtedly, if the gentleman wants to break the price of agricultural products down to a low enough level, he can sell the consumption of the American farms at a bankrupt price. If that is what the gentleman proposes, then, of course, in spite of my statement that I did not intend to inject any personalities or any partisanship in this discussion, I must suggest that the leadership of the Republican Party has certainly deserted every claim to farm sup-

port, if that is what the gentleman proposes. Certainly the farmers of America are entitled to a living wage. That living wage has been fixed by this Government as parity. We are guaranteeing to the farmers only 90 percent of a living wage. How many of your laborers, how many of your capitalists will accept 90 percent of a fair return and think that they are being fairly treated? How can it be said that the farmer who is assured only 90 percent of parity is robbing anybody else? We are now told that the farmer who is getting 90 percent of a living wage as defined by law is destroying the economy of everybody else. Let us see just how the farmer compares with other groups.

It is true that realized net income of farm operators has increased substantially as a result of increases in both agricultural prices and in production. In spite of this fact, the preliminary estimates of the Bureau of Agricultural Economics show an average realized net income per farm operator in 1946 of \$2,565 per year, or about \$49 per week per family. This is the farm family's total return from farming, and includes the value of the home-produced food, as well as the rental value of the farm home. It includes the total return on the family's investment, the farmer's management, and his own labor and whatever labor other members of the family contribute to farm production. The average family had an equity of about \$11,700 in farm real estate, machinery, motor vehicles, livestock, and crops on hand as of January 1, 1946. Interest on this equity at 5 percent would amount to \$585 per year. Deducting this interest on the investment from the realized net income would leave but \$1,980, or about \$38 per week, as the income of the farmer and his family for labor and management. This compares with an average weekly wage of \$47.47 per wage earner, for factory workers. When it is remembered that in a very large percentage of the cases there are at least two wage earners in the farm family, it will immediately become apparent how poorly farm income compares with the income of industrial workers, even at present prices.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. H. CARL ANDERSEN. The gentleman, I believe, is overexercised about section 32 funds. After all, Congress in the deficiency bill just last week restored entirely the lending power of \$4,750,000,000 of the Commodity Credit Corporation, and that is one way we are taking care of the 90-percent-parity funds.

Mr. POAGE. Possibly the gentleman is overexercised, but I am one of those who saw the disaster which surplus farm production brought to this land. I have seen the terrible effect of these surpluses and I, for one, have not forgotten the lesson. I, for one, do not propose to take steps that are going to lead us into another catastrophe of that kind; and I do not believe the gentleman from Minnesota wants to. I am convinced by all the figures and by all the facts, that we are on the road to that kind of catastrophe; if we do not provide machinery now, to cope with the problem, but the



gentleman offers no solution; the majority leader offers no solution except to take it out of the farmer's hide, reduce farm prices to such extent that you can sell your products for practically nothing. Get prices down, says the majority leader, and then maybe our farm products will be consumed. Sure, if you sell your cotton at 4 cents a pound it will be consumed. Certainly, if you break the price of corn down to two-bits a bushel it will all be consumed. Certainly if you break the price of cattle down to a nickel, then you can sell them. Then the Republican Party can say, "We have got full consumption." But if you are going to give to the farmer a fair price, even 90 percent of a living wage, then you have got to do something now about that gap that exists or we all know what will happen.

Mr. Chairman, I want to emphasize again the fact that farmers, as a class, are still giving more to society and getting less in return than any other group.

I want to emphasize again the fact that support prices are not high prices. The prices that we have tried to maintain for farmers are far lower than the prices received by other groups. They are lower than the recognized living-wage standard; they are only 90 percent of parity. When we compare the gains made by farmers on one hand, and by industrial workers and capital on the other hand, we find that the farmer runs a poor third comparing wages, prices, and profits, during the period 1935-39 with the same items. In 1947, we find that:

Prices received by farmers in April 1947 were up 253 percent.

Prices paid by farmers in April 1947 were up 180 percent.

Farmers were, therefore, relatively better off by 73 percent.

Wages received by industrial workers in March 1947 were up 213 percent.

Since that time many wages have been increased 15 percent.

Prices paid by industrial workers in March 1947, 156 percent.

Workers were, therefore, relatively better off by 72 percent.

Profits made by corporations in 1946 were up 336 percent.

Prices paid for food by urban people in 1946 were up 190 percent.

Capitalists are, therefore, relatively better off by 146 percent.

When we take the comparison back to the base period of 1909-14 it is even more striking. I do not have the figures on corporate profits during this period, but I do have the figures on prices received by farmers as compared with prices farmers paid and the hourly earnings received by industrial workers as compared with the prices they paid. These figures show:

Prices received by farmers in 1947 were up 280 percent.

Prices paid by farmers in March 1947 were up 227 percent.

Farmers are, therefore, relatively better off by 53 percent.

Compared with this we find, using the same base period:

Hourly earnings received by industrial workers in March 1947 were up 557 percent.

Prices paid by industrial workers in March 1947 were up 227 percent.

Workers were, therefore, relatively better off by 330 percent.

Can it be charged that under these circumstances farm prices are unfair or too high? Can it be that the majority leader, or the subcommittee that wrote this bill, would seriously contend that we should remove the most effective supports to farm prices simply in order to give more fortunate and more prosperous segments of our society a further advantage?

The CHAIRMAN. The time of the gentleman has expired.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield further?

Mr. POAGE. If the gentleman will get me more time.

Mr. DIRKSEN. Mr. Chairman, I think we had better proceed to read the first paragraph of the bill.

Mr. CANNON. Will the chairman permit me to yield for one extension?

Mr. DIRKSEN. Certainly.

Mr. CANNON. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. BECKWORTH].

Mr. BECKWORTH. Mr. Chairman, almost everybody knows it has taken nearly a decade of diligent effort to bring the farmers of this Nation to the present state of prosperity they now enjoy. Furthermore, many people know how serious and far-reaching the results have been when depressions have overtaken agriculture. In my opinion it is unwise to take any chance with the welfare of American agriculture which is so vital to so many people of this Nation and the world as a whole.

It is my sincere hope that the present agricultural appropriations bill will be appropriately amended to the end that our farm program, which admittedly has been a constructive one, will not receive a set-back which could be the forerunner of chaos in many of the aspects of agriculture.

Agriculture in its many phases has been benefited greatly by the rural electrification program. Highly pleased are the farmers who have received the advantages and benefits of this program. There are many other farmers in our area and throughout the Nation who desire the benefits of REA. It is my hope that this segment of our agricultural program will not be injured or unnecessarily delayed by the action of this Congress. Necessary funds to properly expand the REA program so that it will reach as many farmers as possible, of course on a sound basis, should be carried in this appropriation bill.

Mr. DIRKSEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, there has been much discussion with respect to the rule under which this appropriation bill comes to the floor for consideration. I think it should be made clear, in deference to the committee in charge of this measure, that the rule does not put this House in a so-called strait-jacket. I have on many occasions opposed such rules that have been brought to this floor in the past. Such rules did not permit

offering amendments of any kind. This bill is subject, as in the case of other bills, to amendment and debate. Any Member will have a chance, if he chooses to do so, to offer amendments from the floor to strike portions therefrom. Or he may offer amendments to add to this legislation if he feels he can get support for such amendments. I mention this, Mr. Chairman, only to further clarify a situation that seems to have become somewhat beclouded.

The Clerk read as follows:

*Be it enacted, etc.,* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Agriculture for the fiscal year ending June 30, 1948, hereinafter referred to as the current fiscal year, namely:

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent that the gentleman from North Dakota [Mr. ROBERTSON] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROBERTSON. Mr. Chairman, I appreciate the necessity of balancing the Nation's budget, and the elimination of unnecessary functions, duplication of service, and excessive personnel in all the administrative phases of our National Government. I am concerned, and gravely so, when I read the Agriculture appropriations bill, making extreme reductions in farm appropriations. We should move with great caution when we attempt to cut expenses which directly affect the farmers of the country.

The farmers of the Nation will express indignation over the tremendous slash in the \$300,000,000 for the AAA conservation program specifically approved by Congress last year. It can be argued with good conscience that this is breaking the faith with millions of farmers. There is grave concern as to whether or not the reduction of administrative expenses to \$15,000,000 will permit the State and county PMA offices to carry out their program successfully, and as well to handle commodity loans and other price-support functions vital to millions of farmers.

On the question of rural electrification I yield to the committee the right, without question, to cut administrative costs \$1,600,000. I cannot with complete understanding see why the loan program, which is a self-liquidating program, should have been cut \$25,000,000. This item should be reinstated on the floor without question.

Although there is a great demand for farm products today, and the problem of surpluses, generally speaking, is negligible, still in a nation with as gigantic a productive capacity as we have in the United States we can anticipate surpluses in the future. Now is the time for investigation and research in this field. Because of this, principally, I am alarmed over the complete elimination of section 32 funds for surplus disposal and the small appropriation allowed to carry out the program of the Hope-Flannagan Act, which was passed almost unanimously by Congress last year.

In our aspirations to find the real road to economy, we must not be led astray, especially when we deprive the farmers themselves of the benefits to which they are rightfully entitled.

I do not wish to convey the impression that I am just knocking everything accomplished by the Subcommittee on Agricultural Appropriations. I feel that they very judiciously handled a great many phases of what was necessarily a complicated and detailed appropriation bill. I feel that the subcommittee is to be complimented for their treatment of many of these phases, and I think especially of the Extension Service, which has proved so important to the development of agriculture throughout the several States. Although a cut was made in the Soil Conservation Service, I am pleased that the cut was not so severe as to seriously cripple this organization, which offers technical advice to farmers of the Nation.

I regret that I am forced to disagree with the subcommittee, but feel I must, in the interest of the Nation's farmers.

Mr. DIRKSEN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HERTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3601) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1948, and for other purposes, had come to no resolution thereon.

Mr. CANNON. Mr. Speaker, I ask unanimous consent that those who have spoken on this side today may be allowed to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### EXTENSION OF REMARKS

Mr. POULSON (at the request of Mr. PHILLIPS of California) was given permission to extend his remarks in the Appendix of the Record and include an editorial from the Washington Sunday Star.

Mr. NIXON (at the request of Mr. PHILLIPS of California) was given permission to extend his remarks in the Appendix of the Record and include an article from the quarterly magazine Law and Contemporary Problems.

Mr. HORAN asked and was given permission to extend his remarks in the Appendix of the Record and include an excerpt.

Mr. CANFIELD asked and was given permission to extend his remarks in the Appendix of the Record and include a newspaper article.

Mr. MANSFIELD of Montana asked and was given permission to extend his remarks in the Appendix of the Record in two instances, in one to include a newspaper editorial and in the other a magazine article.

Mr. PATMAN asked and was given permission to extend his remarks in the Appendix of the Record in two instances and include certain statements and excerpts.

#### HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. CANNON. Mr. Speaker, reserving the right to object, with the House meeting at 10 o'clock tomorrow, will we proceed immediately to the consideration of the pending appropriation bill?

Mr. HALLECK. Yes.

Mr. CANNON. Or will there be preliminary business?

Mr. HALLECK. My understanding is we will proceed immediately to the consideration of the pending bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### LIMITING APPLICATION OF PROVISIONS OF FEDERAL LAW TO COUNSEL EMPLOYED UNDER SENATE RESOLUTION 46

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 107, and its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There being no objection, the Clerk read the Senate joint resolution, as follows:

*Resolved, etc., That nothing in section 109 or section 113 of the Criminal Code (U. S. C., 1940 ed., title 18, secs. 198 and 203), or in section 361, section 365, or section 366 of the Revised Statutes (U. S. C., 1940 ed., title 5, secs. 306, 314, and 315), or in any other provision of Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, shall apply with respect to counsel to the special committee of the Senate serving under the provisions of Senate Resolution 46, Eightieth Congress, first session, adopted January 22, 1947: Provided, however, That nothing contained herein shall be deemed to limit, curtail, or augment any existing authority in such committee or its counsel to initiate, prosecute, maintain, defend, or otherwise dispose of any claim, action, proceeding, or matter, civil or criminal, on behalf of the United States.*

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### REQUEST TO WITHDRAW PAPERS

Mr. ALBERT requested, pursuant to rule XXXVIII, leave to withdraw from the files of the House papers in the case of H. R. 6146, a private relief bill for Mrs. Thelma Crosslin, Seventy-ninth Congress, no adverse report having been filed thereon.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. O'HARA, from May 28 to May 31, on account of official business.

To Mr. WEICHEL (at the request of Mr. MCGREGOR), for Monday, Tuesday, Wednesday, and Thursday, May 26, 27, 28, and 29, on account of attending Congressman Bradley's funeral.

To Messrs. KUNKEL, GILLIE, SHAFER, GRANT of Indiana, JONKMAN, and DINGELL (at the request of Mr. HALLECK), to attend funeral of Congressman Bradley.

To Mr. AUCHINCLOSS (at the request of Mr. CANFIELD), for 3 days, on account of official business.

To Mr. RILEY (at the request of Mr. RICHARDS), for an indefinite period, on account of illness.

To Mr. NIXON (at the request of Mr. POULSON), for 4 days, on account of official business.

#### ENROLLED BILL SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3029. An act to provide for the acquisition of a site and for preparation of plans and specifications for a courthouse to accommodate the United States Court of Appeals for the District of Columbia and the District Court of the United States for the District of Columbia.

#### BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on May 26, 1947, present to the President, for his approval, a bill of the House of the following title:

H. R. 2094. An act for the relief of Isaac B. Jones.

#### ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, May 28, 1947, at 10 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

713. A letter from the Acting Secretary of the Navy, transmitting a draft of a proposed amendment to H. R. 3492, section 5, transfer of war housing to the War or Navy Department; to the Committee on Banking and Currency.

714. A letter from the Secretary of War, transmitting a draft of a proposed amendment to H. R. 3492, section 5, transfer of war housing to the War or Navy Department; to the Committee on Banking and Currency.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MARTIN of Iowa: Committee on Post Office and Civil Service. H. R. 1389. A bill to amend the Veterans' Preference Act of 1944; with an amendment (Rept. No. 465). Referred to the Committee of the Whole House on the State of the Union.



Mr. WELCH: Committee on Public Lands. H. R. 2005. A bill to amend the act of April 21, 1932 (47 Stat. 88), entitled "An act to provide for the leasing of the segregated coal and asphalt deposits of the Choctaw and Chickasaw Indian Nations, in Oklahoma, and for an extension of time within which purchasers of such deposits may complete payments"; without amendment (Rept. No. 466). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 2411. A bill to authorize patenting of certain lands to Public Hospital District No. 2, Clallam County, Wash., for hospital purposes; without amendment (Rept. No. 467). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 2572. A bill to permit the sale of liquor to Indians outside Indian country; with an amendment (Rept. No. 468). Referred to the House Calendar.

Mr. WELCH: Committee on Public Lands. H. R. 2852. A bill to provide for the addition of certain surplus Government lands to the Otter Creek Recreational Demonstration Area, in the State of Kentucky; without amendment (Rept. No. 469). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 3465. A bill to amend the Federal Crop Insurance Act; with an amendment (Rept. No. 470). Referred to the Committee of the Whole House on the State of the Union.

Mr. DIRKSEN: Committee on the District of Columbia. H. R. 3547. A bill to authorize funds for ceremonies in the District of Columbia; without amendment (Rept. No. 472). Referred to the Committee of the Whole House on the State of the Union.

Mr. BATES of Massachusetts: Committee on the District of Columbia. H. R. 3611. A bill to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes; with an amendment (Rept. No. 473). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 3252. A bill to authorize the Secretary of the Navy to convey to the city of Long Beach, Calif., for street purposes, an easement in certain lands within the Navy housing project at Long Beach, Calif.; without amendment (Rept. No. 474). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 3053. A bill to authorize the Secretary of the Navy to convey to the Territory of Hawaii an easement for public highway and utility purposes in certain parcels of land in the district of Ewa, T. H.; without amendment (Rept. No. 475). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 3056. A bill to authorize the Secretary of the Navy to convey to the city of Macon, Ga., and Bibb County, Ga., an easement for public road and utility purposes in certain Government-owned lands situated in Bibb County, Ga., and for other purposes; without amendment (Rept. No. 476). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ALLEN of California: Committee on the District of Columbia. H. R. 3604. A bill to authorize the Methodist Home of the District of Columbia to make certain changes

in its certificate of incorporation with respect to stated objects; without amendment (Rept. No. 471). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROW:

H. R. 3623. A bill to provide that members of the Communist Party shall be ineligible for veterans' benefits, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. GEARHART:

H. R. 3624. A bill to provide percentage depletion for fluor spar, flake graphite, vermiculite, beryl, feldspar, mica, talc, lepidolite, spodumene, barite, ball and sagger clay, rock asphalt, and thenardite with respect to taxable years beginning after December 31, 1946; to the Committee on Ways and Means.

By Mr. HARRISON:

H. R. 3625. A bill relating to the promotion of certain former members of the Army of the United States wounded or injured in combat and hospitalized for 18 months or more as a result of such wound or injury; to the Committee on Armed Services.

By Mrs. NORTON:

H. R. 3626. A bill to authorize the Federal Works Administrator to make grants to non-profit private agencies in the District of Columbia with respect to hospital facilities in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SIMPSON of Pennsylvania:

H. R. 3627. A bill to amend the Social Security Act with respect to State plans for aid to the blind; to the Committee on Ways and Means.

By Mr. WELCH:

H. R. 3628. A bill to revise the method of issuing patents for public lands; to the Committee on Public Lands.

By Mr. ANDREWS of New York:

H. R. 3629. A bill to authorize the transfer to the Panama Canal of property which is surplus to the needs of the War Department or Navy Department; to the Committee on Armed Services.

H. R. 3630. A bill to amend the Armed Forces Leave Act of 1946, approved August 9, 1946 (Public Law 704, 79th Cong., 2d sess.; 60 Stat. 963), and for other purposes; to the Committee on Armed Services.

By Mr. ELSTON:

H. R. 3631. A bill to amend the Articles for the Government of the Navy to improve the administration of naval justice; to the Committee on Armed Services.

By Mr. BATES of Kentucky:

H. R. 3632. A bill to extend the time within which applications may be made to the Railroad Retirement Board for certain refunds from the unemployment trust fund; to the Committee on Interstate and Foreign Commerce.

By Mr. FARRINGTON:

H. R. 3633. A bill to amend section 203 of the Hawaiian Homes Commission Act, designating certain public lands as available homelands; to the Committee on Public Lands.

H. R. 3634. A bill to amend section 83 of the Hawaiian Organic Act to provide that women may serve on juries in the Territory of Hawaii; to the Committee on Public Lands.

H. R. 3635. A bill to ratify sections 1 and 2 of Joint Resolution 7 enacted by the Legislature of the Territory of Hawaii in its regular session of 1947; to the Committee on Public Lands.

By Mr. FORAND:

H. R. 3636. A bill to amend the Social Security Act to enable States to establish more adequate public-welfare programs, and for

other purposes; to the Committee on Ways and Means.

By Mr. PHILLIPS of California:

H. R. 3637. A bill granting the consent and approval of Congress to an interstate compact relating to the better utilization of the fisheries (marine, shell, and anadromous) of the Pacific coast and creating the Pacific Marine Fisheries Commission; to the Committee on Merchant Marine and Fisheries.

By Mr. REES:

H. R. 3638. A bill to amend section 10 of the act establishing a National Archives of the United States Government; to the Committee on Post Office and Civil Service.

By Mr. HOBBS:

H. R. 3639. A bill to provide for trials of and judgments upon the issue of good behavior in the case of certain judges; to the Committee on the Judiciary.

By Mr. MACKINNON:

H. Res. 219. Resolution to amend rule XIV of the Rules of the House of Representatives; to the Committee on Rules.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to increase Federal aid to the Veterans' Home of California, at Yountville; to the Committee on Veterans' Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred, as follows:

By Mr. ALLEN of California:

H. R. 3640. A bill for the relief of Mrs. Charlotte D. Wang, Harvey S. P. Wang, and Arthur Y. P. Wang; to the Committee on the Judiciary.

By Mr. FOOTE:

H. R. 3641. A bill for the relief of Mrs. Helen E. Scofield; to the Committee on the Judiciary.

By Mr. KENNEDY (by request):

H. R. 3642. A bill for the relief of Michael A. Driscoll; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 3643. A bill for the relief of Mrs. Maria V. Yosco and family; to the Committee on the Judiciary.

By Mr. TOLLEFSON:

H. R. 3644. A bill for the relief of James M. Dingwall, Eileen Reynolds, W. G. Peterson, Bert Woolsey, and Maise Purser Davis; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

576. By Mr. MCGREGOR: Petition of members of Local 735, American Federation of Teachers; Local 22625, Eagle Rubber Co.; Local 604, International Union of Operating Engineers; Local 319, Myers Moulders; Local 294, United Garment Workers; and Local 200, International Brotherhood of Bookbinders, of Ashland County, Ohio, petitioning the Congress of the United States protesting the reduction of income tax on a percentage basis and suggesting instead that an exemption be made up to \$3,000 for married persons and up to \$1,500 for single persons; to the Committee on Ways and Means.

577. By Mr. SABATH: Petition of the Sixty-fifth General Assembly of Illinois, petitioning the Congress to investigate the obvious advantages of locating the proposed atomic-energy laboratory in some Government-

owned area; to the Joint Committee on Atomic Energy.

578. Also, petition of the City Council of the City of Chicago, urging the prompt enactment of Wagner-Taft-Ellender housing bill; to the Committee on Banking and Currency.

579. By the SPEAKER: Petition of the membership of the Safety Harbor Townsend Club, No. 1, Safety Harbor, Fla., petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

580. Also, petition of Miss Emma MacKay, Townsend Club, No. 1, Boynton Beach, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

## SENATE

WEDNESDAY, MAY 28, 1947

(Legislative day of Monday, April 21, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

If Thou, O Lord, shouldst mark iniquities, who among us could stand unafraid before Thee? For there is so much bad in the best of us, and so much good in the worst of us, that we dare not criticize each other. But Thou canst reprove us all.

Ere we begin our duties, cleanse Thou our minds and hearts. What no proper shame kept us from committing, let no false shame keep us from confessing. In this moment may we find grace to seek Thy pardon and find the joy of the Gospel of making a new beginning.

In the power of Christ our Lord and Master. Amen.

### THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, May 27, 1947, was dispensed with, and the Journal was approved.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the joint resolution (S. J. Res. 107) limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46 without amendment.

### ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 107) limiting the application of provisions of Federal law to counsel employed under Senate Resolution 46, and it was signed by the President pro tempore.

### UNITED STATES PRINCETON UNIVERSITY BICENTENNIAL COMMISSION

The PRESIDENT pro tempore. The Chair appoints the Senator from Virginia [Mr. ROBERTSON] as a member of the United States Princeton University Bicentennial Commission, in place of

the Senator from Utah [Mr. THOMAS], resigned.

### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Public Lands:

#### "Senate Joint Resolution 20

"Joint resolution relative to memorializing Congress to refuse passage of H. R. 2876, creating a Redwood National Park and a national-forest area in California

"Whereas H. R. 2876, now pending, proposes to create in the northwestern portion of California a Redwood National Park and a national-forest area, in addition to the parks and national forests now existing; and

"Whereas the purposes for which this national park and national-forest area are to be created are indefinite or not defined in H. R. 2876, while the disadvantages and disabilities which will accrue to the State of California and to the people of this State should this bill become law are at once apparent; and

"Whereas they accrue from the fact that this bill would take from private ownership and add to the public domain approximately 2,315,000 acres of highly valuable timber and other lands, thereby decreasing by more than one-half the taxable areas and approximately one-half of the assessed wealth of the counties of Del Norte, Humboldt, and Mendocino, and also by about 85,000 acres in Sonoma County, placing almost the entire lumbering industry of this part of California under Federal control and withdrawing from production of lumber more than 200,000 acres of redwood timber, as a result of which agriculture, stock raising, and general business in the area would also be seriously impaired; and

"Whereas the removal of such large areas of valuable lands from the assessment rolls would so reduce the tax revenue as to disrupt the local economy by placing an intolerable burden upon local government and the remaining property holders in the area, seriously affecting most adversely the economy of the entire State; and

"Whereas there is no reasonable basis for the creation of further national parks in this part of the State, since the State of California, aided by private donors, has acquired and preserved for all time 57,882.27 acres of the finest groves of redwoods and now administers for the public in the counties named above 43,184 acres of redwood parks and is still in the process of acquiring many additional thousands of acres for these parks, and has also acquired some 36,270 feet of ocean frontage, and has adopted numerous laws and regulations to bring about better logging methods, reforestation, and conservation, and for these purposes has within the last year acquired some 53,000 acres of cut-over and virgin timber lands and has embarked upon a large program of experimentation and development of better reforestation methods and more adequate conservation controls which this legislature believes to be adequate and effective; and

"Whereas creation of the parks proposed by H. R. 2876 would conflict with and seriously hamper the State park and reforestation program of the State of California: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly). That the passage of H. R. 2876 is highly undesirable for the reason that the provisions of the bill would accomplish no reasonable purpose but would seriously and most adversely affect the economic and cultural interests of the entire State of California; and be it further

"Resolved, That the Congress of the United States, particularly the Senators and Repre-

sentatives of the State of California in the National Congress, and especially Mrs. HELEN GAHAGAN DOUGLAS, author of H. R. 2876, are hereby memorialized vigorously to oppose the passage of H. R. 2876; and be it further

"Resolved, That the secretary of the senate forthwith transmit copies of this resolution to the chairman and members of the House Committee on Agriculture and to each Senator and Representative from California in the Congress of the United States."

Two joint resolutions of the Legislature of the State of California; to the Committee on Appropriations:

#### "Senate Joint Resolution 3

"Joint resolution relative to memorializing Congress to increase Federal aid to the Veterans' Home of California, at Yountville

"Whereas there is a home for aged and disabled honorably discharged veterans of the United States, known as the Veterans' Home of California, situated at Yountville, Napa County; and

"Whereas the said home is supported jointly by the Federal Government and the State of California, the current Federal contribution being at the rate of \$300 per annum for each veteran domiciled there; and

"Whereas the cost of food products and supplies and materials of all kinds entering into the upkeep and maintenance of the said institution now prevailing is substantially in excess of normal, due to World War conditions: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly). That the Congress and President of the United States are urged and memorialized to cause an increase to be made in the Federal aid to the said Veterans' Home of California, at Yountville, from \$300 to \$500 per capita, per year; and be it further

"Resolved, That the secretary of the senate is directed to transmit copies of this resolution to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

#### "Senate Joint Resolution 10

"Joint resolution memorializing the President and Congress of the United States in relation to providing funds for a continued Federal-aid highway program

"Whereas the construction of an adequate system of interstate highways as authorized by act of Congress has necessarily been deferred during the war years; and

"Whereas our wartime experience has demonstrated that such a system of highways is both indispensable to our national defense and essential to our peacetime economy; and

"Whereas more and more motorists are traveling throughout the Nation transcontinentally and along the coastal regions; and

"Whereas such traveling imposes particularly heavy use of California's highways and bridges which were necessarily subjected to heavy use by military vehicles and vehicles engaged in the transportation of equipment and materials for the war effort during the war years; and

"Whereas the additional cost necessary to provide adequate national defense arteries, including heavier bridges and roadbeds should be borne by all the taxpayers of the Nation: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly). That the President and the Congress of the United States are respectfully memorialized and requested to take such steps as may be necessary to provide continued Federal appropriations to aid the States in the development of an adequate system of interstate highways and Federal-aid highways on the